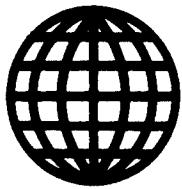


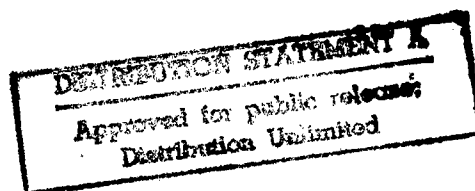
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9 JUNE 1989



**FOREIGN
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JPRS Report



China

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PROVINCIAL

Expenditures Outweigh Revenue

HK2004091389 Beijing CHINA DAILY in English
20 Apr 89 p 3

[By staff reporter]

[Text] Beijing's spending rose at a faster pace than its revenues last year though its budget continued to show a surplus, according to figures from the municipality's statistics bureau.

According to the bureau, the Beijing municipal government recorded revenues in 1988 of 6.81 billion yuan, 4.1 percent more than the year before.

Expenditures reached 5.29 billion yuan, 6.6 percent higher than in 1987.

Spending on education rose to 600 million yuan, 26 percent higher than last year.

Also up were food subsidies for city residents and improvements to transportation, which rose to a combined total of 3.25 billion yuan, 29 percent higher than in 1987.

In the city's industries, the contract-related responsibility system and personnel streamlining were carried out in many enterprises. By the end of last year, 462 enterprises had adopted the programme, contributing to higher profits.

The city's industrial output value totalled 47.11 billion yuan, an increase of 19.2 percent over 1987.

In addition, product quality rose markedly last year.

Of Beijing products made for export, 98.3 percent were certified as meeting quality standards. About 400 products were appraised as high-quality commodities at the ministerial or municipal level.

The value of Beijing's foreign trade continued to rise last year. The annual exports exceeded \$1 billion, which was 15.4 percent more than in 1987. During 1988, 148 foreign-run enterprises were given approval to do business in the municipality. And 2.51 billion yuan in foreign exchange was earned from the city's tourism trade, 21.7 percent more than the previous year.

Beijing's rural suburbs enjoyed their 10th consecutive year of good harvests with grain output reaching 2.3 million tons, an increase of 3.3 percent over the previous year. Also, a record of 520 kilograms of grain per mu was reached.

Hebei To Reform Rural Administrative System

SK0505115589 Shijiazhuang Hebei Provincial Service
in Mandarin 2200 GMT 16 Apr 89

[Text] Our province will devote 2 years to the reform of the current rural administrative system in a well-guided,

planned, and step-by-step manner. The contents of the reform are as follows: First, power will be delegated to towns and townships to enable town and township governments to truly have the functions and powers to administer society and organize commodity production. Except for industrial and commercial administrative stations, tax stations, and public security stations, which are placed under the leadership of both counties and towns and townships, all the organs and personnel accredited to towns and townships by departments directly under counties may be placed under the administrations of towns and townships. The provincial party committee and government urged all localities to select one or two counties to experiment with the work in the first half of this year, gain experiences, expand it gradually in more areas, and strive to complete delegation of power to towns and townships by the end of 1990. Second, towns established in line with State Council regulations will be developed in an active and steady manner. At present, some towns and townships in our province are too small in scale, which is unfavorable to the economic development of small regions. All localities may appropriately adjust the scale of these towns and townships in a planned and step-by-step manner based on their specific conditions and relax the requirements on such towns in remote mountainous areas and coastal open economic areas. The numbers of the organizations and personnel of the town government may be larger than a township government. After the scale of towns and townships is adjusted, public security, finance, tax, and industrial and commercial administrative stations may be established according to the organizational system of towns and townships so as to improve the quality of their cadres, strengthen the building of their leading bodies, and increase their economic strength. Third, the relationship between town and township governments and villages will be brought into better balance, and the building of village-level organizations will be strengthened. It is necessary to continue to establish and improve village committees, change the situation in which the village committees in some localities are paralyzed or semiparalyzed, and enable them to fully play their role. All localities may also select several towns and townships to establish village administrative stations on a trial basis. Village administrative stations will undertake the various administrative work entrusted by town and township governments, and manage the economic construction of their own villages. To reduce the number of organs and cut down on subsidies, there may be only one body to perform the functions of both the village administrative station and the village committee.

Statistics Show 'Mixed' Picture

HK2404022989 Changsha Hunan Provincial Service in Mandarin 2200 GMT 23 Apr 89

[Text] The provincial statistics bureau, planning commission, economics commission, finance department, and people's bank recently issued a joint communique on the province's performance in nine major economic indices during the first quarter. The figures show that as

a result of improvement and rectification, the phenomenon of excessive demand has been initially put under control; however, industrial production dropped somewhat and economic returns were not too good.

During the first quarter units under whole-people ownership completed 556 million yuan in fixed assets investment, 0.7 percent more than in the same period last year. Investment in local projects dropped by 3.9 percent. Workers' wages rose by 25.5 percent. Actual workers consumer demand dropped somewhat. By the end of March, deposits in the province's banks showed an increase.

Except for a slight increase in Hengyang and Shaoyang, all personnel labor productivity in industrial enterprises showed a decline throughout the province.

How to improve economic returns in Hunan's industrial production, advance out of the trough, and achieve an appropriate growth rate has become an urgent issue.

Jiangsu 1988 Socioeconomic Development
OW2705135989 Nanjing XINHUA RIBAO in Chinese
18 Mar 89 p 2

[Communique on statistics for Jiangsu's 1988 socioeconomic development, issued by the Jiangsu Provincial Statistical Bureau]

[Text] Under the leadership of the provincial party committee and government, the people in Jiangsu implemented in 1988 the policies of reform and opening up to the outside world and made every effort to surmount difficulties. As a result, Jiangsu's economy steadily developed, its economic strength further increased, and new headways were made in all social institutions. According to the initial statistics, the province's annual GNP reached 105.1 billion yuan, up 13.3 percent over the previous year; and the national income went to 91.9 billion yuan, 13.4 percent more than the previous year. The major problems in the economic development were excessive demand, substantial price hikes, and obvious inflation.

I. Agriculture

The total agricultural output value in 1988 reached 27,201 million yuan, an increase by 6.6 percent over 1987. The increase of the output value included 2.1 percent for crop cultivation, 14.4 percent for animal husbandry, 19.1 percent for sideline production, and 8.9 percent for fishery. The output value of forestry dropped by 6.2 percent.

Of the output of major agricultural products, that of grain was basically the same as that in the previous year; cotton production, on the basis of an upward trend in its output in 1987, increased by big margins; the output of oil-bearing crops greatly decreased; the output of tobacco leaves, silkworm cocoons, tea and other farm products all increased by varying degrees.

Output of Major Farm Products

	1988	Increase Over 1987(%)
Grain	32,433,600 metric tons	-0.4
Cotton	562,200 metric tons	26.7
Oil-bearing crops	986,700 metric tons	-18.5
of which: Rapeseed	624,000 metric tons	-27.7
Sugar-bearing crops	293,100 metric tons	-1.3
Jute, ambary hemp	26,000 metric tons	-6.8
Flue-cured tobacco	9,300 metric tons	123.8
Silkworm cocoons	94,800 metric tons	14.2
Tea	13,900 metric tons	13.0
Fruit	469,300 metric tons	12.2

In animal husbandry, an upward trend appeared in hog breeding. The amount of livestock increased. The output of meat, poultry, eggs and other major products rose.

**Output of Major Animal By-Products,
Numbers of Livestock**

	1988	Increase over 1987 (%)
Output of pork	1,419,600 metric tons	9.7
Beef and mutton	66,600 metric tons	20.0
Poultry, eggs	790,400 metric tons	14.8
Milk	94,300 metric tons	7.9
Hogs slaughtered	19,837,300 head	-1.8
Large animals at year end	885,700 head	3.3
Pigs at year end	17,805,800 head	2.1
Sheep and goats at year end	7,373,100 head	15.2

Fish production continued to develop well. The output of aquatic products reached 1,028,300 metric tons, up 11.5 percent over the previous year. The total catch of freshwater products reached 738,700 metric tons, up 15 percent over the previous year, while marine products rose to 289,600 metric tons, up 3.5 percent over 1987.

Investment in agricultural production increased and conditions for production improved. By the end of 1988, the aggregate power used by the province's farm machinery reached 21,008,500 kw, a 6.4 percent increase over 1987. There were 676,300 tractors, an increase of 8.4 percent, and 18,800 trucks, a 19 percent rise. The power used by irrigation and drainage equipment was 376,600 kw, up 2.9 percent; 1,964,900 metric tons of chemical fertilizers were applied in 1988, up 10.4 percent; the consumption of electricity in rural areas was 9,476 million kwh, up 11.2 percent.

In 1988, Jiangsu's rural economy rapidly developed. The total social output value in rural areas in 1988 was 168,786 million yuan, 23.1 percent more than in the previous year if calculated at comparable prices. Of that sum, the output value of rural industry, building industry, transport industry and commerce increased 28.3 percent, bringing their proportion to 70.5 percent from the previous year's 69.5 percent. The proportion of the total agricultural output value dropped from 30.5 percent to 29.5 percent.

II. Industry

The total industrial output value for 1988 was 189,013 million yuan, an increase of 26 percent over 1987. In the figure was 146,051 million yuan if the output value of industries run by villages and units lower than the village level was excluded, 22.4 percent over the previous year. The output value of the state-owned sector was 59,447 million yuan, up 14.1 percent; the collective sector, 80,934 million yuan, up 28.1 percent. Of them, the output value of township-run industry was 45,805 million yuan, up 30.8 percent; that of various joint ventures and other industries, 5.67 billion yuan, up 39.4 percent.

Heavy industry continued to grow faster than light industry. The output value of light industry in 1988 reached 81,897 million yuan, up 21.6 percent; that of heavy industry, 64,154 million yuan, up 23.4 percent.

Output of Major Industrial Products

	1988	Increase Over 1987 (%)
Cotton yarn	633,300 metric tons	5.4
Cloth	2,714 million meters	6.3
Woolen goods	70,360,000 meters	23.0
Silk fabrics	401.78 million meters	4.6
Knitting wool	56,600 metric tons	7.4
Machine-made paper and paper board	742,100 metric tons	5.1
Salt	2,266,400 metric tons	13.0
Sugar	907 metric tons	-26.1
Cigarettes	931,000 crates	-7.9
Detergents	121,700 metric tons	15.1
Household washing machines	221,500	-40.8
Household refrigerators	669,400	72.2
Electric fans	7,100,400	14.9
Bicycles	4,465,700	-6.5
Sewing machines	968,600	6.2
Television sets	4,349,900	27.2
of which: color sets	910,400	53.9
Cassette recorders	5,613,700	34.6
Cameras	476,900	14.3
Coal	23,317,700 metric tons	4.3
Electricity	34,532 million kwh	14.7
Crude oil processed	7,593,300 metric tons	13.4

Steel	1,523,500 metric tons	13.6
Pig iron	1,458,400 metric tons	6.5
Rolled steel	1,893,300 metric tons	-0.2
Cement	16,596,700 metric tons	8.9
Plate glass	3,315,600 standard cases	14.7
Sulfuric acid	1,077,100 metric tons	20.3
Soda ash	63,900 metric tons	16.6
Caustic soda	299,800 metric tons	6.8
Power-generating equip- ment	365,500 kw	27.8
Metal-cutting machine tools	21,100	11.6
Motor vehicles	40,000	27.4
Small tractors	178,900	16.4
Chemical fertilizers	1,384,800 metric tons	-3.0
Chemical insecticides	36,100	-37.0

In 1988, profits and taxes of state-owned industrial enterprises totalled 6,387 million yuan, up 20.4 percent over the previous year. The turnover period for working funds was shortened from 90.1 days in 1987 to 86.3 days. Per capita productivity increased by 9.7 percent over 1987. Overall product quality stability rate was raised from 81.5 percent in 1987 to 82.1 percent; energy consumption continued dropping, and industrial departments at and above the town level throughout the province saved 2,993,800 metric tons of coal, raising the energy saving rate to 9.9 percent. However, production costs increased by 16.9 percent, and losses among losing enterprises rose 5.8 percent.

In-depth reform continued among industrial enterprises. By the end of 1988, a full 90 percent of the province's industrial enterprises adopted the contract system. All medium and large enterprises adopted the contract system. Some enterprises explored the lease and share systems and tried auctioning, annexing and a variety of other tactics. According to statistics, 247 enterprises in superior position merged with 362 enterprises in inferior position. Enterprise groups were also developing to become larger in scope and integrate management with assets.

III. Investment in Fixed Assets and Building Industry

In 1988, the state and collective enterprises in cities and towns invested a total of 17.766 billion yuan in fixed assets, up 17.9 percent from the previous year, of which, 14.416 yuan were invested by the state enterprises, and 3.35 billion yuan were invested by the collective enterprises in cities and towns. Both increased 17.9 percent over 1987. Since the 4th quarter, some 1,111 projects were canceled or postponed through a screening process, thus reducing the total investment by 789 million yuan.

The total investment in capital construction projects by state enterprises was 9.031 billion yuan, up 14.5 percent from 1987, of which 3.695 billion yuan were in local capital construction projects, up 14 percent from 1987. Of the total investment by state enterprises, 1.701 billion

yuan were in the energy departments, about the same as in 1987; 1.032 billion yuan were in transportation and post-telecommunications departments, down 8.6 percent from 1987; 200 million yuan were in agricultural, forestry, and water conservancy departments, up 11.8 percent from 1987; and 428 million yuan were in the cultural, education, and public health departments, down 4.3 percent from 1987. Of the total investment in capital construction projects by the state enterprises, 6.483 billion yuan were in production projects, up 13.5 percent from 1987, and 2.548 billion yuan were in nonproduction projects, up 17 percent from 1987.

The results of key construction projects were good. In 1988, the state invested 3.61 billion yuan, or 103.4 percent of the annual plan, in 15 key projects in our province. By the end of last year, the Yangzi ethylene project, the Yizhen synthetic fiber plant, the Xuzhou-Yangzhou section on the Beijing-Hangzhou Canal, the 500,000-volt superhigh power transmission and transforming project, and Nanjing No. 55 Institute, the key railway project in Xuzhou, the Xuzhou-Lianyungang rail line, and 10 other key projects were completely or partially completed.

Steady progress was made in enterprise technological innovation. In 1988, the state enterprises invested 5.385 billion yuan in technological upgrading or innovation projects, up 24 percent from 1987, of which 2.448 billion yuan were spent on boosting production capacity, up 25.9 percent from 1987; 768 million yuan were used to increase the variety of products, up 61.1 percent from 1987; 319 million yuan were used to improve the quality of products, up 3.8 percent from 1987; and 152 million yuan were spent on energy saving devices, up 13.9 percent from 1987. A total of 2,873 technological upgrading and innovation projects were completed, thus expanding the province's total investment in fixed assets by 4.25 billion yuan.

In 1988, the production capability or economic results achieved by means of new investments in state capital construction projects are as follows: 1.41 million metric tons of coal, 67,100 metric tons of caustic soda, 73,000 metric tons of synthetic ammonia, 28,700 metric tons of chemical fertilizer, 410,000 metric tons of sulphuric acid, 1,850 metric tons of insecticides, 302,600 metric tons of ethylene, 11,200 metric tons of chemical fiber, 282,000 metric tons of plastic material, and 468,000 kilowatts of electric power.

The reform of the building industry continued to deepen. Among the state construction and installation engineering projects, some 4,474, or 69.8 percent of the total, implemented the contract responsibility system, up 17.8 percent from 1987. These 4,474 construction projects involved a total floor space of 4.985 million square meters, or 76.7 percent of the total. Some 33.8 percent of these project, which involved some 58.9 percent of the total floor space, were contracted out by public bidding. The total output

value of the state-run building enterprises was 2.72 billion yuan, up 17.2 from 1987.

IV. Communications, Transportation, Post-Telecommunications

Despite strained conditions, the Transportation Department was still able to tap their potentials, raise transport capability, and increase both freight and passenger volumes.

In 1988, the total volume of freight transported reached 61.46 billion mt/km, up 4.1 percent from 1987, of which 27.93 mt/km were transported by rail, up 3 percent from 1987; 2.45 billion mt/km were transported by highway, up 10.1 percent from 1987; and 17.28 mt/km were transported by waterway, up 21.7 percent from 1987. The province's harbors handled a total of 194.77 million metric tons of cargo last year, up 7.1 percent from 1987.

The total volume of passengers handled by the various types of transportation was 32.48 billion person/km last year, up 7.2 percent from last year, of which, 14.7 billion person/km were handled by railways, up 13.6 percent from 1987; 17.09 billion person/km were handled by highways, up 2.7 percent from 1987; and 690 million person/km were transported by waterways, down 3.9 percent from 1987.

Post-Telecommunications services continued expanding. The total revenue of the post-telecommunications departments was 364 million yuan last year, up 27.3 percent from last year. Mail delivery services increased 10 percent. Delivery of printed materials dropped 4.5 percent. Telegram services increased 27.2 percent. Long-distance telephone services increased 25.9 percent. By the end of 1988, there were 202,000 telephones installed in the cities, up 23.5 percent from 1987.

V. Commerce, Supply and Marketing, and Prices

Commodities sales increased greatly. The value of the province's 1988 retail sales totalled 54.856 billion yuan, up 30 percent over the previous year. When the price hike was taken into account, the actual increase was 6.8 percent. Of the total, the value of consumer goods was 47.183 billion yuan, up 30.8 percent; the value of consumer goods sold to institutions was 4.965 billion yuan, a rise of 28.8 percent; the value of the retail sales of agricultural means of production was 7.673 billion yuan, 25.2 percent above 1987.

The retail sales volume of different commercial enterprises rose considerably. The retail sales volume of state-owned commercial enterprises was 17.978 billion yuan, up 31.4 percent over the previous year; the retail sales volume of collective commercial enterprises amounted to 27.115 billion yuan, 26.3 percent above 1987; that of cooperative commercial enterprises was 119 million yuan, up 73.6 percent; that of enterprises of individual ownerships reached 6.238 billion yuan, a rise

of 41.4 percent. The retail sales volume of goods that farmers sold to nonagricultural people was 3.406 billion yuan, up 32.2 percent.

The retail sales volume of various consumer goods increased generally. The retail sales volume of food was 24.62 billion yuan, up 30 percent over the previous year; that of clothing reached 8.91 billion yuan, up 24.7 percent; that of articles of daily amounted to 4.58 billion yuan, a rise of 56.9 percent. When price increases are factored in, the percentages were 1.3 percent, 8.2 percent, and 40.4 percent respectively. Nevertheless, difficulties were encountered in the supply of a number of commodities. Measures were taken to ration the sale of such daily necessities as pork, eggs, sugar, salt, and soap because supply could not meet demand.

In 1988 state-run commercial enterprises and supply and marketing cooperatives purchased a total of 54.948 billion yuan of commodities, up 32.2 percent over the previous year. Of the total, the volume of purchased industrial commodities increased by 37.1 percent and that of farm and sideline products rose by 22.7 percent. The volume of commodities transported out of the province in 1988 reached 10.962 billion yuan, up 43.1 percent over 1987; the volume of commodities bought from outside the province amounted to 9.815 billion yuan, a rise of 24.9 percent over the previous year. By the end of the year, the value of merchandise inventory of province's commercial enterprises was 24.025 billion yuan, up 21.8 percent over the previous year.

Prices rose sharply. The general retail price level in 1988 increased by 21.7 percent above 1987. In urban areas, prices went up 23.5 percent, and in the countryside, 20.7 percent. Prices of foodstuffs rose by 28.4 percent; those of meat, poultry, and eggs went up by 44.4 percent; those of fresh vegetables, 44.5 percent; aquatic products, 26.2 percent; clothing, 15.2 percent; articles of daily use, 11.7 percent; medicine and medical articles, 27.5 percent; fuel, 14.7 percent; and agricultural means of production, 19.2 percent.

The general cost of living in 1988 went up by 21.9 percent over the previous year.

The main problems in the field of commodities circulation included some disorder and arbitrary price hikes. Because of inflation and a sharp price hike, market stability was affected, and quite a few large runs on goods occurred during the year.

VI. Foreign Trade and Tourism

Exports rose. In 1988 a total of 11.452 billion yuan of export products were purchased by government enterprises, up 14.9 percent over the previous year. Exports totalled U.S.\$2.35 billion, up 10.9 percent over 1987. Of the total, the volume of mechanical and electronic products rose by 38.4 percent.

In 1988 the province signed 401 contracts involving the use of foreign capital worth U.S.\$ 729.91 million, up

221.7 percent over the previous year. The province actually used U.S.\$268.73 million of foreign funds, a rise of 15.6 percent over 1987. The value of direct investments by foreign businessmen reached U.S.\$ 301.90 million, up 295 percent.

In 1988, 36 new contracts for overseas projects and labor services signed by Jiangsu were worth U.S.\$ 38.1215 million, up 40.5 percent over the previous year; business volume amounted to U.S.\$ 45.643 million, a rise of 20.3 percent.

The tourist industry continued to grow. In 1988, the province received more than 745,800 tourists and other visitors who came to participate in economic and cultural exchanges, up 35.6 percent over the previous year. Of the number, 371,600 were foreigners; 374,200 were overseas Chinese and compatriots from Hong Kong, Macao, and Taiwan. Foreign exchange earned through tourism reached U.S.\$ 294 million, up 25.1 percent over 1987.

VII. Finance, Banking, and Insurance

In 1988, local revenues throughout the province amounted to 11.55 billion yuan, up 11.25 percent over the previous year. Of the total, 10.28 billion yuan were from industrial and commercial taxes, a rise of 12.6 percent. Local expenditures amounted to 7.869 billion yuan, up 15.72 percent. The number of counties, cities, and suburban areas with a revenue of over 100 million yuan rose from 17 in 1987 to 19 in 1988.

By the end of 1988, the amount of deposits held by various financial institutions in the province was 51.781 billion yuan, an increase of 6.743 billion yuan over the beginning of the year. The amount of loans granted by them reached 74.210 billion yuan, an increase of 8.551 billion yuan. Of the amount, 21.048 billion were loans for use as industrial working funds, 26.011 billion yuan were commercial loans, and 2.437 billion were agricultural loans. The loans were used to support industrial and agricultural production and the purchase of farm and sideline products.

The insurance business increased in variety and premiums. The variety of insurance increased from 120 kinds in 1987 to 150 kinds in 1988. In 1988 the total assets of various insurance properties reached 209.6 billion yuan, up 34.3 percent over 1987. The amount of annual premium income from domestic property and life insurance amounted to 757 million yuan, up 33.5 percent over the previous year. Domestic property insurance paid out 204 million yuan to help disaster areas quickly resume production operations, thus stabilizing people's life.

VIII. Science and Technology, Education, and Culture

Science and technology continued to develop, and marked achievements in this field were scored. In 1988, our province received one state prize for invention, one

prize for promoting science and technology, 13 prizes for achievements in natural sciences, and seven prizes for achievements in the Spark Program. In addition, scientific research units also received 373 provincial prizes for promoting science and technology, of which two were first-grade prizes, 25 were second-grade prizes, 108 were third-grade prizes, and 238 were fourth-grade prizes.

At the end of 1988, 416,800 natural scientific and technological personnel were employed by local state-owned units, up 10.9 percent from 1987.

In 1988, graduate schools in the province enrolled 2,564 graduate students and there were 8,431 graduate students pursuing studies, a decrease of 121 students as compared with 1987. Universities and colleges enrolled 47,800 students of regular and specialized courses and had a total student body of 147,700, an increase of 7,500 over 1987. Adult universities and colleges enrolled 30,500 students of regular and specialized courses, and 76,300 students were studying in these schools. Secondary vocational and technical schools had 127,800 students, 10,400 more than in 1987. Agricultural and vocational senior middle schools had 160,900 students, accounting for 36.7 percent of the total 438,300 students in senior middle schools. Adult technical training schools had 870,000 students, regular middle schools had 2,729,700 students, and primary schools had 6,418,900 students. The attendance rate of school-age children was 99.11 percent. In addition, development was also made in preschool education and programs for the retarded and handicapped.

The province's culture flourished. In the province, there were 4,970 cinemas and film projection teams, 140 performing art troupes, 108 cultural halls, 2,285 cultural stations, 91 public libraries, 45 museums, 14 publishing houses, 16 broadcasting stations, 14 radio transmitting and relay stations, 21 television stations, and 126 television transmitting and relay stations. Some 271 million books and picture books, 51.77 million copies of magazines and 1.12 billion copies of newspapers were published.

IX. Public Health and Sports

Medicine and health services further improved. At the end of 1988, there were 12,248 medical facilities in the province, an increase of 314 over 1987. They included 2,472 hospitals. In the province, there were 159,400 medical beds, 5,600 more beds over the year before. Of the medical beds, 140,600 were in hospitals, 4,700 more than in 1987. Professional health workers numbered 200,500, up 4.5 percent over 1987. The total included 86,000 doctors, 45,200 head nurses and nurses, and 69,300 other public health and medical personnel. The province had 227 immunization stations and agencies of preventive medicine with a total staff of 9,494.

New progress was made in sports. In 1988, six athletes won four world championships in two events. Athletes

from the province won 29 gold, 36 silver and 36 bronze medals in national competitions. Of the students of various schools at various levels in the province, 91.2 percent passed the National Sports Standards Test.

X. Living Standards

Living standards of most residents in the province continued to improve. The wages for workers and staff members totalled 15.253 billion yuan, up 25.8 percent from the year before. Their average annual wage was 1,796 yuan, up 22.1 percent. A sample survey of urban employees' families showed an average per capita income of 1,218 yuan for living expenses in 1988, a 21.2 percent or 213 yuan increase over 1987. If commodity price rises are factored in, the real income of some urban families dropped slightly. Income of peasants families increased, with an annual per capita income of 796.8 yuan, 27.2 percent more than in 1987. The actual increase was 5.4 percent, if commodity price rises are factored in.

The reform of the labor system continued progress and the employment increased. In 1988, 189,400 people found jobs in urban areas. The province had 8.73 million workers and staff members by the end of 1988, 277,300 more than at the end of 1987. In the province, there were 1,214,100 contract workers, registering an increase of 313,200 workers over 1987 and accounting for 13.9 percent of the province's total number of workers in 1988. The contract workers accounted for 10.7 percent of the total in 1987. Self-employed workers in urban areas totalled 161,300, an increase of 16,000 over the year before.

Urban and rural savings deposits increased and amounted to 23.185 billion yuan by the end of 1988, an increase of 3.816 billion yuan or 19.7 percent over 1987. Of them, urban savings deposits totalled 14.927 billion yuan, up 25.9 percent; while rural savings accounts totalled 8.258 billion yuan, up 10 percent.

Housing for both urban and rural dwellers further improved. In urban areas, the per capita occupancy of floor space increased to 8.49 square meters in 1988 from 8.14 square meters in 1987; while in rural areas, the per capita occupancy of floor space increased to 19.7 square meters from 18.6 square meters. The quality of housing improved slightly.

In 1988, social welfare establishments in the province provided services for 39,500 people and various collectives provided services for 169,700 elderly, disabled and orphaned people. Some 1,588,100 urban and rural people were on welfare in the province.

XI. Population

By the end of 1988, Jiangsu had a population of 64.38 million, an increase of 0.9 million over 1987. The province's birth rate increased to 16.03 per thousand in 1988 from 15.42 per thousand in 1987, the mortality rate

rose from 5.79 per thousand to 5.89 per thousand, and the natural population growth rate increased from 9.63 per thousand to 10.14 per thousand.

Footnote: Provincial gross product, provincial income, and total rural product of society listed in the communique are calculated in terms of 1988 prices, the rate of growth over the previous year is calculated in accordance with comparable prices, and total industrial and agricultural output values are calculated in accordance with the fixed prices of 1980.

Economic Statistics Issued

HK1904120989 Beijing CEI Database in English
19 Apr 89

[Text] Following is a chart showing the synopsis of Shanghai major economic indexes in the first three months of this year released by the Municipal Statistical Bureau.

	Units	1-3/88 Percent age Over	1-3/ 1987
1. Total industrial output value	million yuan	26101	8.9
of which: light industry	million yuan	14311	8.1
heavy industry	million yuan	11790	9.9
2. Freight volume	million tons	55	3.5
3. Cargo handled in ports	million tons	34	9.4
4. Investment in fixed assets			
of state-owned units	million yuan	22	14.4
of which: capital construction	million yuan	1643	27.0
renovation	million yuan	641	-8.9
5. Total value of retail sales	million yuan	9498	29.6
of which: consumer goods	million yuan	9014	29.7
of which: food	million yuan	3547	27.0
clothing	million yuan	1665	20.5
daily used articles	million yuan	3755	37.6
fuels	million yuan	47	3.0
6. Total value of exports	million u.s.d.	1048	-7.6
of which: light industrial products	million u.s.d.	636	-14.5
heavy industrial products	million u.s.d.	231	7.9
farm and sideline products	million u.s.d.	181	2.7
7. Total value of imports	million u.s.d.	691	35.6
8. Utilization of foreign capital			
number of contracts signed	items	82	4.1
value of contracts signed	million u.s.d.	218	1.0
9. Technology import			

contracted value	million u.s.d.	80	-6.5
executed value	million u.s.d.	53	-5.4
10. Overseas visitors	thousand person-times	188	22.4
11. Total wages of staff and workers	million yuan	2995	21.3
12. Per capita monthly wage of staff and workers	yuan	198	Tc20.7
13. Private savings in urban and rural areas	million yuan		

Plan To Restore Shanghai as Financial Centre

HK2404101689 Beijing CHINA DIALY (SHANGHAI FOCUS) in English 22 Apr 89 p 2

[By staff reporter Shen Feiyue]

[Text] Although some progress has been made in reviving the city's withered banking industry, bank officials and economists agree there is still a long road ahead to restore Shanghai to its former status as the financial centre of the East.

Some economists have suggested a three-step strategy to meet this goal.

First, the city should become China's largest financial centre with a crisscross financial network radiating outward to the Yangtze River delta area, the coastal open cities and major inland cities.

Meanwhile, Shanghai should take steps to enter international financial business.

"The rebuilding of a sophisticated financial market is the first step in that direction. The market should break through the traditional financial system based on administrative division and monopoly to become an open, multi-functional and all-directional one," said Zhu Xiaohua, Vice-President of the People's Bank of China (PBOC), Shanghai Branch.

Collaborating with his colleagues, Zhu, a former research fellow with the Finance Research Institute of the Shanghai PBOC, has worked out an overall report on accelerating the formation of a financial centre in Shanghai.

Wang Huaqing, deputy director of the Shanghai PBOC's research institute, suggested the headquarters of the five major State banks be moved to Shanghai in an attempt to keep them away from heavy government interference.

"This will bring about fundamental changes in the flow of capital distribution," he said.

He also proposed a restructure of the Industrial and Commercial Bank of China (ICBC) and the Agricultural Bank of China (ABC) in the form of settlement banks or shareholding banks.

"Meanwhile, many more commercial banks like the Bank of Communications and CITIC [China International Trust and Investment Corporation] Industrial

Bank should be established to break down the monopoly by governmental banks. We also need a large number of small and medium-sized shareholding banks to specialize in international business," he said.

Another much talked about subject is the reopening of foreign banks in Shanghai.

"It is impossible to rebuild Shanghai into a financial centre without the active participation of foreign banks. Foreign banks can bring in international financial business, clients, and most importantly, competition. All these will help a lot in improving bank services," said Zhu Jianglang, an official from the State Administration of Exchange Control (SAEC) Shanghai Branch.

More than 30 foreign banks have established representative offices in the city since 1982. Many of them have applied to establish branches in Shanghai. Although Chinese officials have hinted that China is also willing to accept foreign banks outside such special economic zones as Shenzhen and Xiamen, it may still take some time before foreign banks are really let in.

Bank officials said China is still drafting regulations on the administration of foreign banks. Meanwhile, there is still some controversy, though much less than several years ago, over the restoration of foreign banks. Some officials are afraid that Chinese banks are not well-prepared to face the challenge of competition from foreign banks.

"But if we dare not compete with foreign partners on our own doorstep, how can we survive competition in international financial markets?" argued Hong Peili, an official from Shanghai SAEC.

"It is quite natural to take some measures to protect the interest of domestic banks. But that does not mean we must keep foreign banks out. The right choice is to open China's financial market to foreign banks, step by step," she added.

Bank officials also proposed to allow the four existing foreign banks with branches in the city to deal in Renminbi and reduce their income tax rate.

Once a sophisticated network of financial institutes is formed in Shanghai, the city should become a financial centre in the Far East.

The main objectives include building in Shanghai a national short-term funds market, securities market and foreign exchange market, according to Vice President Zhu Xiaohua from Shanghai PBOC.

But economists agree that the growth of a sophisticated financial market relies heavily on preferential policies of the central government.

"The State should give the city more autonomy so as to ensure it has the ability to accommodate the capital flow in the Shanghai economic zone and the whole country," said Wang Huaqing from the Finance Research Institute.

He suggested the central government allocate Shanghai PBOC a certain amount of capital to operate interbank loans, bill discounts, mortgage loans and foreign exchange.

He urged the State to create a better environment for development of a securities market.

To start with, the city should introduce a shareholding system to more state owned enterprises. It should also set up an administrative committee of securities exchange on the basis of the current three securities companies and some 10 over-the-counter exchange operations.

Report on Shanghai's Township Enterprises
40060525 Beijing JINGJIXUE ZHOUBAO in Chinese
9 Apr 89 p 7

[Article: "Guide Action According to Circumstances, Steadily Develop; Some Thoughts on Shanghai's Township Enterprises"]

[Text] At an international scholarly meeting, some foreign scholars felt that in the 10 years of reform, there has been varying degrees of improvement in China's social productive forces, that there has been increases in economic power, that there has been very large increases in the people's standard of living, and that the new system of the socialist commodity economy has been growing daily and giving new vitality and life to this ancient nation. The problem they confront is that "hot and cold are not being handled well," meaning that agricultural is a little colder and industry is a little hotter, while township enterprises are burning hot. Some also felt that developing township enterprises is not very worthwhile because in the process of developing township enterprises, with the poor economic conditions, is bound to be in competition with large and medium-sized urban enterprises for raw materials, materials, and domestic and foreign markets and this is not favorable for the development of large and medium-sized enterprises. Pollution by some township enterprises is severe. They also substitute second best quality for the best, give short measure, entrap the consumer and must be managed and readjusted at the appropriate time. Some also felt that China has not yet solved the problem of its food supply and was still far from the demands of agricultural modernization. Might not "all the fuss" about township industry now repeat the "backyard furnaces" and "small indigenous groups" of the Great Leap Forward "spread all over the place"?

I. How Are We To Evaluate the Successes and Failures of Township Industry?

In 10 years of reform practice, township enterprises have become mainstay industries of China's rural economy and must be given serious consideration. Jiangsu's township industry took the lead in development and is in first place nationwide. Zhejiang township enterprises are prospering. Even in Shanghai where large and medium-sized state-run enterprises dominate, township enterprises have played a decisive role. In the past few years they have created a large amount of material wealth for society and their achievements are affirmed. This is one of the results of China's economic reforms in the 80's and cannot be compared with the Great Leap of 1958. Let's look at Shanghai, for example. Its important role is clear in that:

First, it increased wealth for the state and increased accumulation for local areas and collectives. In 1988 the gross value of industrial production of Shanghai's suburban area was 2558.5 million yuan, a 35.3 percent increase over 1987, of which township enterprises and industries reached 19.3 million yuan, an increase of 42 percent over 1987, or over 60 percent of the net increase in value of output for all the industry in the city, and are an increase in the proportion of the gross value of output of all the city's industries from 3.3 percent 10 years ago to 17.9 percent. Currently, Shanghai Municipality collects from township enterprises about 300 million yuan for industry to supplement agriculture, industry to build agriculture and industry to supply capital, which is a five- to six-fold increase in agricultural investment in local financial budgets during the same period. In 1987 suburban area budgets increased over 10 percent, of which over 60 percent came from township industry.

Second, it contributed to Shanghai's export-created foreign exchange. Shanghai's township industries are characterized by being suburban and outwardly directed. Approximately 80 percent of the goods are keyed to urban industries and foreign trade associations. Among the suburban export goods, such goods as clothing, silk embroidery, woolen sweaters, towel sheeting, handicraft drawnwork, and woodscrews, make up over 60 percent of the entire city's supply of export goods; annual exports of silk fashions make up over 80 percent of the total volume of Shanghai's silk fashions exports, and are an important force in Shanghai's export-created foreign exchange.

Third, they have absorbed the surplus agricultural work force and improved the peasants' standard of living. For the past 10 or so years, industry in Shanghai's suburban areas has absorbed over 1.3 million of the surplus labor force. Peasant income has increased during the past few years: net income per capita is 1,301 yuan, of which over 50 percent comes from township enterprises. The development of township enterprises has been extremely important for the consolidation and development of urban and rural reform.

Fourth, it has practical significance for development of rural science, education, culture, and public health. Practice shows that places where township industry develops frequently spur popularization of science and technology, promote the development of education and culture, improve the public health environment, raise the level of social benefits and promote the establishment of spiritual culture.

The development of Shanghai's township enterprises is normal and healthy and not the result of "rushing headlong into mass action." However, there are many problems:

First, they have been looking around hesitantly and the pace is slow. The pace of Shanghai's township industry development is slower and was only pushed forward under the influence of the rapid development of the municipal township industry of other provinces such as Jiangsu and Zhejiang, the pace is slower, because economic policy and employment policy is not flexible enough and Shanghai's scientific and technological superiority is not being fully utilized. Second, increases in value of production is being pursued blindly and there are the "three emphases and three de-emphases." That is, emphasize speed, deemphasize benefits; emphasize quantity, de-emphasized quality; emphasize reaching outward, deemphasize turning inward. Third, market information is not effective and has a very reckless character. For example in 1988 suburban areas established 32 latex glove plants, and created 72 assembly lines with an annual production capacity of 1.44 million, a production capacity which exceeded the demand of the international market. Fourth, they were short-sighted and their near-term actions were clear. They relied too much on bank loans and excessive loan management and exceeded the enterprises' ability to bear them. They only focused on immediate benefits and did not pay attention to long-term planning. Fifth, quality and management was poor.

II. What Are the Trends in Shanghai Township Industry Development?

As is the case nationwide, Shanghai's township enterprises, adhering to improving the economic environment and rectifying the economic order, the mood of retrenchment in all areas must continue to be reflected in economic life. In a situation in which there is a general lack of materials, fuel, and funds, it is even more difficult for township industries to move forward. The following points must be stressed to make it develop more soundly:

First, make the best use of the situation to bring reorganization under control. Resolutely keep under control projects which lack energy sources, raw materials, excess processing capacity and serious problems with the "three wastes." Make a concerted effort to reorganize product mix and industry make-up.

Second, suit measures to local conditions to shape its special features. Industries in Shanghai suburban areas should suit measures to local conditions to give them a Shanghaiese flavor. They should implement the "five upholds": i.e., uphold the urban-suburban, export-directed development; uphold coordination for large industries, making up for inadequacies of large industries and providing new sites for sensible distribution of large urban industries; uphold service to expand export-earned foreign exchange; uphold service to agricultural sideline product processing and agricultural mechanization; uphold technological progress, applying the advantages of Shanghai's science and technology both to produce characteristic traditional labor-intensive goods as well as develop and expand goods which are both labor-intensive and technology intensive.

Third, operate within available funds, broaden sources of income and reduce expenditures. In a situation in which funds are contracting, within the scope permitted by fiscal policy, they should raise funds in any way possible, encourage township industries to increase economic benefits and reduce waste; they should encourage self-accumulation, gradually turn around the excessive reliance on debt management and correctly handle the relationship between accumulation and consumption; they should encourage foreign merchants to operate independently funded and jointly funded enterprises in the suburbs, to attract foreign funds and raise the use rate of funds.

Energy, Funds, Materials Shortages Battled
HK2404101289 Beijing CHINA DAILY (SHANGHAI FOCUS) in English 22 Apr 89 p 1

[By staff reporter Zhang Ping]

[Text] The Municipal People's Congress and Political Consultative Conference, which opened last week, are struggling to resolve the city's shortages of energy, funds and raw materials.

Mayor Zhu Rongji, who took office at last year's People's Congress session, admitted that these three difficulties are affecting not only industrial production but the whole economy.

"These difficulties are more serious and their influence is lasting longer than we expected at first," Zhu told deputies attending the Second Session of the ninth municipal People's Congress.

The coal shortage was the first problem addressed when the on-going session started on Monday.

Statistics showed that the city will face a coal shortage of 2 million tons this year, about 15 percent of the total amount needed in the city. Shanghai will also have a funds shortage of 3 billion yuan (more than \$800 million) and \$400-500 million in foreign exchange.

The mayor called on Shanghai people to unite with the local government to solve these problems. He also vowed to fight corruption and to establish an honest government.

Also high on the session's agenda are education, price hikes and the city's decision to host the 1993 Universiad, a world sports event.

Many deputies said that Shanghai's present infrastructure conditions and the serious fund shortage make it impossible for the city to host such a meeting.

In his work report, Zhu outlined his targets for this year. The city is to increase its gross production value by 7 percent and its industrial output value by 5 percent, earn \$4.3 billion through exports, and harvest a revenue of 15.4 billion yuan.

A 2 percent increase is targeted for the city's agricultural output for this year.

In the first three months, the industrial output value in the city increased by 9 percent over the same period last year to 26.1 million yuan, bank savings rose 1.59 billion yuan over the same period last year.

Last year's price rise index reached 21.3 percent, affecting the lives of many citizens. Deputies called that one of the failures of the government work.

The city is now starting a two-year drive to adjust its present industrial structure.

This year, the city decided to give priority to 220 popular products with a planned output value of 19.3 billion yuan, to restrict or stop 100 products, and close or merge 82 enterprises.

However, CHINA DAILY noticed that Shanghai people and media are not as enthusiastic about the on-going session as they were last year.

Shanghai people and press hailed last year's session as a milestone in the city's struggle to maintain its leading position in the national economy.

The policies to be drawn up by the sessions will determine whether Shanghai will continue to flourish or decline, said a commentary of the local JIEFANG DAILY last year.

The local press carried no commentaries or editorials on this year's session, although it did take note of the absence of several deputies from this year's conference.

FINANCE, BANKING

Money Circulating Outside Banks Causes 'Concern'

HK2204091289 Beijing CHINA DAILY in English
22 Apr 89 p 4

[By Zhou Li]

[Text] Nowadays it is not unusual for people to travel in China carrying a large amount of money. And they are not just private businessmen.

The enormous amount of money moving around with travelers highlights the looming crisis of bank credit, many people think.

The PEOPLE'S DAILY said 210 billion yuan is circulating nationwide, but the amount circulating outside banks is not known.

The large amount of money in passengers' bags has resulted in more and more cases of robbery and theft on trains.

This is cause for concern not only to Chinese public security officials, but also to economists, who worry about so much money being circulated outside banks.

In a recent seminar in Beijing, Chinese economists generally agreed that the cash reserves scattered among enterprises and individuals poses a threat to the national economy.

The amount of cash being kept outside, banks has affected the State bank, which has to increase the money supply in order to maintain normal production needs. This has helped fuel the record inflation, economists believe.

To complicate matters, there is the possibility that private cash reserves outside the banks' supervision could pour into the market at any time and cause prices to rise.

Chen Xiwen, director of the Research Centre of Rural Development under the State Council, said agriculture was the first victim because the funds outside banks are unlikely to be invested in the agricultural field. With the growth of agriculture slowed, the national economy inevitably suffers, he said.

Even worse, Chen said, the money outside banks maintains the old economic structure, thus foiling the government's effort to restructure the national economy. So the country is caught in a vicious circle of over-heated growth and retrenchment.

Many nonproduction institutions and enterprises have even cashed in on the opportunity to practice usury with

factories and enterprises short of funds, according to the ECONOMIC REFERENCE NEWS.

Money loaned at a high interest rate is often drawn from banks under false pretenses. Caught in the money-tightening policy, banks have no effective way to stop the practice, the newspaper said.

Divided Opinions

As for the reasons so much money is out of the banks' control, economists are apparently divided.

Xu Meizheng, an economist from the State Commission for Economic Restructuring, said the large amount of money circulating outside banks is the result of the austere economic policy put into effect last year.

The austerity policy created a cash crisis that damaged the banks' credit, Xu added.

He noted that despite an increase in the money supply in February, bank deposits have declined compared with the same month last year. And while the industrial growth rate in January and February slowed down, the rate for township enterprises was up 20 percent. The demand for money has remained high nationwide, he said.

But Liu Zhiqiang, an economist from People's Bank, disagreed that austerity is the cause. He saw the presence of money outside banks as a natural market phenomenon.

The money kept outside banks substitutes for bank loans in relieving monetary anemia, which was serious even before the austerity policy was put into effect, Liu said.

Finding ways to protect this money has produced a new demand for money. FINANCIAL TIMES reported that safes were hot sellers in many cities last year. Even a 60 percent hike in the price of safes didn't dampen the demand in Guiyang, the capital of Guizhou Province. The city's entire stock of 4,000 safes was sold out in six months.

Late last year, when the banks tightened the money supply, 10,000 units in this city had a cash reserve of 50 million yuan.

The city's private businessmen had cash reserves of 90 million yuan and 80 percent of this was kept in private safes rather than banks.

Most private businessmen prefer cash transactions, which they say are more convenient.

But Zhao Xiaomin, a researcher at the Chinese Academy of Social Sciences, said the biggest reason is probably that cash transactions help the businessmen evade paying taxes.

He said more and more enterprises and even government departments are following suit to shy away from the supervision of government banks.

Many managers said after the private "banks" were set up as small workshop units, the workers benefited much more than before. Rising productivity was one of the results.

University professor Liu Guangdi said the government gave up its overall control when it deregulated powers. Inefficient management has nursed those private "banks" in many enterprises.

The monopoly of the government running banks should be broken down, Chen Xiwen said. The administrative means of controlling credit cannot work without other economic adjustments.

Head of People's Bank Calls for Austerity Policy
OW2404105889 Beijing XINHUA in English
0707 GMT 24 Apr 89

[Text] China's recovery of currency showed an upward tendency starting 18 March, and by 27 March all the banknotes issued before the Chinese Spring Festival had been recovered.

But Li Guixian, governor of the People's Bank of China and a state councillor, didn't express too much optimism about the situation in an interview in today's PEOPLE'S DAILY.

The paper quoted him as saying that too many banknotes were issued before the Spring Festival, which fell on 6 February, and there are still too many other banknotes in circulation.

He said that despite a limited amount of funds, the demand for money keeps rising.

Li attributed the reasons to an excessive amount of construction going on, rapid growth of consumption funds and the increasing expanding social demand.

To stabilize this year's financial market, Li said, the most essential measure is to continue to cut down on the investment in fixed assets and control the excessively rapid growth in consumption funds.

He said that an austerity policy must be adopted to ensure that fewer banknotes are issued this year than last year.

Li called on departments at all levels to cooperate in efforts to stabilize the country's finances and economy, the paper said.

New Regulations on Mortgage Loans Issued
HK2104130589 Beijing CEI Database in English
21 Apr 89

[Text] Beijing (CEI)—The Industrial and Commercial Bank of China has issued new regulations to tighten the control and guarantee the security of industrial loans.

Joint ventures, cooperative and solely foreign-funded enterprises, when applying for circulating capital, fixed assets and scientific and technological development loans, can provide mortgages as guarantees.

The mortgage can be negotiable securities, foreign currency deposits, enterprise-owned capital, or buildings and machines.

The floating assets capital and fixed assets must be insured before they are used as mortgage.

The new regulations are the supplement to those issued by the bank in September 1987.

MINERAL RESOURCES

Opencast Gold Deposits Discovered
OW2204213689 Beijing XINHUA in English
1427 GMT 22 Apr 89

[Text] Opencast gold deposits have been discovered in a suburban county of north Beijing, says the latest issue of the CHINA GEOLOGICAL JOURNAL.

The gold was found in Yangshudixia Village, in Huairou County, by the Prospecting Institute of the Beijing Municipal Bureau of Geology and Minerals.

The journal says the quantity of the gold reserves, the biggest ever found in Beijing, has been proven, but it does not give details.

The discoverers of the gold, it says, have been awarded 30,000 yuan (8,000 U.S. dollars).

SMALL-SCALE ENTERPRISES

Township Firms Develop 'Rapidly'
HK2404091389 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 24 Apr 89 p 3

[By staff reporter Wang Dazi]

[Text] Township enterprises are now a pillar of the rural economy in the suburbs of Beijing. But they must be made more productive, said Bai Youguang, director of Beijing's municipal government's Agroforestry Office.

Last year, the total income of the city's township enterprises was 10.8 billion yuan, breaking the 10 billion-yuan mark for the first time, a 36.9 per cent increase over the

previous year. Their combined profit increased by 20.6 per cent compared with the year before.

In the past 10 years, the total net income of the rural collective economy has reached 12.83 billion yuan, of which 80 per cent came from township industries. The industries now have 880,000 workers, accounting for 45.7 per cent of the rural work force of the city. About 1.4 billion yuan earned by rural industries has been used in the development of agriculture.

With the rapid development of township enterprises, the production value of rural industry and agriculture nationwide increased to 32.1 per cent of the country's total output value in 1988, up from 11.8 per cent in 1978.

In 1978, the industrial output value of township enterprises was only 0.7 billion yuan, or 3.9 per cent of the country's total gross industrial output value of 18.06 billion yuan. In 1988, the industrial production value of township enterprises was estimated at 9.54 billion yuan, or 20.6 per cent of the total.

"Beijing's township enterprises are mainly involved in three trades—machinery parts produced for major enterprises, building materials and the textiles and garments industry," said Zhuang Peiwei, an official with the municipal government's Agroforestry Office.

Though township enterprises are booming in Beijing, they are still facing serious problems, such as shortages of funds, raw materials and energy.

Zhuang said the capital's rural enterprises are short 360 million yuan this year.

To solve the problems, new projects requiring more than 1 million yuan in investment must be strictly controlled and some money-losing enterprises will be closed, he said.

Meanwhile, export-oriented rural enterprises will be encouraged this year, he said.

Technological improvement is a major task of rural industry. The best way to accomplish this, Zhuang said, is to unite rural enterprises with some major industries. In 1988, 330 joint enterprises were set up between rural and State-owned businesses in Beijing and more will be set up this year.

Special efforts will also be made to attract foreign investment. Beijing now has 58 joint ventures between rural enterprises and overseas companies and this number is expected to reach 100 by the end of the this year.

Mirixing Food Industrial Company, a Sino-Japanese joint venture producing roasted peanuts with local raw materials went into operation in 1986. Last year, it had a production value of 8 million yuan, earning \$900,000 in foreign exchange. It is expected to increase its production

value to 12 million yuan by adding another production line this year. About \$1.5 million is expected to be earned.

Last year, township enterprises turned out products worth more than 800 million yuan that were exported to the United States, Japan, Europe, Hong Kong and Macao.

FOREIGN TRADE, INVESTMENT

Tighter Curb on Foreign Borrowing

HK2404091989 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 24 Apr 89 p 1

[By staff reporter Yuan Zhou]

[Text] The government is clamping down harder on borrowing abroad in an attempt to keep control of China's foreign debt, which has been growing at an annual rate of 38 percent over the past four years.

The total national foreign debt rose from \$35 billion in June 1988 to about \$40 billion at the end of last year. It is made up of long-term loans from foreign governments, loans and credits from international organizations, commercial loans granted by foreign banks, bonds and stocks issued by Chinese banks, and foreign direct investment.

Only 10 financial institutions in the country are authorized to borrow money overseas. Other departments, institutions and local governments are not allowed to borrow directly from foreign commercial banks unless they get the permission from the People's Bank of China.

Other government moves include cutting back on private commercial debt and enforcing cutbacks on loans denominated in the Japanese yen, which has a rising currency value.

To check excessive and runaway borrowing by several major organizations, the government earlier appointed the central bank as the only government organization responsible for borrowing and repaying loans from the International Monetary Fund (IMF), and the Ministry of Finance from the World Bank. The Ministry of Foreign Economic Relations and Trade (MOFERT) is empowered to negotiate foreign government credits.

Zhang Jialun, a senior Finance Ministry official in charge of debt management, said that at the moment, China can manage its foreign debts, as its indebtedness is about \$40 per capita.

China's service ratio, the proportion of repayments of interest and capital to export earnings, is also well within the safety margin of 20 percent. The debt service ratio is expected to be between 10 and 15 percent in 1992, according to MOFERT officials.

Michel Camadessus, managing director of the IMF, said last week in Beijing that the amount of the foreign debt

was "still low, in view of China's size, although growth in the national debt was a little bit too rapid last year."

He said China with its reliable solvency and prudence in handling foreign debt, would not become a problem debtor nation.

Zhang warned, though, that the present problems in the practice of borrowing foreign money might make it difficult for China to repay the foreign debt.

He said the nation had taken out short-term and high-interest loans too heavily. And the proportion of private commercial debt to overall debt was too high.

"This has contributed to a quick arrival of the repayment peak," he said.

It is estimated that in 1992, when the repayment peak comes, between \$8 billion and \$9 billion will have to be repaid as several debts fall due.

The country has also borrowed too many loans denominated in the Japanese yen which account for 40 per cent of the Chinese debt. The rising value of the Japanese currency has added to the cost of repayment.

The official noted that blind borrowing by some localities and departments had made it difficult for them to pay back their debts.

Camdessus for his part pointed to the potential risk that has emerged with the "proliferation of entities at provincial level that have the right to borrow abroad."

He said unchecked locally-based foreign loans might lead to "a great foreign debt," despite the prudence of the Central Government.

Camdessus expressed his appreciation of the measures taken by the Chinese Government to strengthen the management of foreign debt.

In addition to these curbing measures, Chinese officials are counting on higher exports in the coming few years to help cope with the foreign debt. Last year, China's exports were about \$47.5 billion, 20.6 per cent up on the previous year.

Patent Company Enjoys 'Growing' Reputation

*OW1504193889 Beijing XINHUA in English
1602 GMT 15 Apr 89*

[Text] Beijing XINHUA—The China Patent Agent (H.K.) Ltd, established in 1984, has handled an increasing number of disputes between Chinese and foreign companies over foreign trademarks.

Liu Gushu, chairman of the company, told reporters today at the company's fifth anniversary that a rising number of forged foreign trademarks had emerged on

the Chinese market which severely harm the interest of both the consumers and the genuine trademark owners.

Liu said that because of the credibility gained by his company in handling such cases, it has been asked to handle more of such cases. So far this year, it had handled more than 50 of such cases.

Last year, he said, the company had handled the cases of "TDK" and "Sony" trademarks for video tapes, and "Sharp" for radio-cassette recorders of Japan.

The company has been entrusted by the Walt Disney Company and "IBM" of the United States to handle cases involving falsification of trademarks.

Five companies in Shenzhen were recently fined a total of more than 600,000 yuan for using false "IBM" trademark and some of them went bankrupt as a result, he said.

As a major outlet for providing China's patent business overseas, the company has been active in handling foreign patent and trademark applications, litigation cases, carrying out licensing trade and providing consultancy on intellectual property laws and other economic laws, Liu said.

Over the past four years and more, the company received more than 10,200 patent applications for filing in China, accounting for about half of the total number of foreign applications accepted by the Chinese patent office in Beijing.

A total of 3,148 patent applications from the U.S., 2,322 from Japan, 898 from Federal Germany, and 688 from Britain and 209 from Taiwan (accounting for 97 percent of applications from Taiwan) had been received by the company, he said.

According to Liu, total applications from outside the Chinese mainland approved by the Chinese patent office was 59 percent, or 884, were handled by the China Patent Agent (H.K.) Ltd.

He added that in 1988, the company received a total of 8,150 applications for trademark registration from 36 countries and regions, including 1,285 from the U.S., 947 from Hong Kong and 638 from Taiwan.

Comments on Xinjiang's Work of Opening Up

*40060479c Beijing GUOJI SHANGBAO in Chinese
8 Apr 89 p 1*

[Article by Lin Guihua 2651 2710 5478: "Open Up the Big Door to the West and Create New Prospects—Tomur Dawamar Discusses Xinjiang Opening Up to the Outside World"]

[Text] "Open up the big door to the West and create new prospects" is not just a political slogan but was the

concluding remarks made by Tomur Dawamar, chairman of the Uygur Autonomous Regional People's Government when he engaged in a friendly discussion on the work of Xinjiang opening up to the outside world with this reporter a few days ago.

On the morning of 1 April, reporters visited the chairman where the Xinjiang delegation was staying during the 2d Plenary Session of the 7th NPC. He stressed in his comments that the path for China lies in further reform and opening up, and that the Xinjiang Uygur Autonomous Region is no exception.

Tomur stated that since the 3rd Plenary Session of the 11th CPC Central Committee, Xinjiang has conducted gradual reform and opening up to the outside, its political situation has gradually stabilized, it has flourished economically, and the people's living standard has shown universal improvement. Up to the present time Xinjiang has enjoyed 11 consecutive bumper harvest years in agriculture production and 12 years of outstanding production in the livestock industry, these bumper harvests and outstanding production have become a foregone conclusion. Due to Xinjiang carrying out the policy of "opening up to the outside in all directions and being geared to the West," it has established economic cooperative relationships with over 50 countries and regions. At the end of last year it had 57 projects utilizing foreign exchange and had agreements for using foreign investment totalling \$190 million with 130 million actually being utilized. There was also a large amount of progress made in foreign trade with an export volume close to \$300 million last year of which minor trade with the Soviet frontier only accounting for 5 percent. This year a momentum has emerged for maintaining this growth. This makes it fully clear that the Central Committee's policy of reform and opening up to the outside is correct and suits the actual situation of Xinjiang.

However, Chairman Tomur is not satisfied with these results, he believes that a large gap still exists between the achievements made by Xinjiang and the level of development it should have reached, he believes that Xinjiang must open up further to the outside, especially regarding some Western nations. Because Xinjiang has the advantages of being independent and unique, this is not only needed but very possible. He said that the bumper production in the agriculture and livestock industries over the last few years has laid a good foundation, and its abundant natural resources that include coal, oil, and nonferrous metals is also a major asset of the area. Additionally, the international situation, especially the thaw in Sino-Soviet relations and the ongoing domestic administrative rectification, has been extremely beneficial in furthering Xinjiang's opening up to the outside. Xinjiang must get a firm grasp on favorable circumstances, promote the strong points and avoid shortcomings in the work of opening up to the outside, give full play to advantages, accumulate strength during the administrative rectification process of this year and next, do a complete job of ideological and material preparation, and adjust the industrial structure. It

should also switch course from the old method of just meeting the needs within the region to development towards the outside; shift to utilizing all three markets, those within the region, domestic, and foreign markets; get a grasp on its mainstays of agriculture and livestock production; do a good job in technical reform; and do a good job of organizing the building of high quality product export bases. Chairman Tomur predicts that within 2 or 3 years Xinjiang will open up a new surge in its work of opening up to the outside.

Proposed Countermeasures Against Anti-Dumping Laws

40060579a Beijing GUOJI SHANGBAO in Chinese
29 Apr 89 p 1

[Article by Zhang Shanhua 1728 0810 5478: "Thinking About Anti-Dumping Laws"]

[Text] In recent years protectionism in world trade has been on the rise again, and there have been more and more cases of foreign countries accusing China of dumping export commodities. Anti-dumping measures seriously impede the development of China's export trade. Attention needs to be drawn to them and measures need to be taken.

I. Evolution of International Anti-Dumping Law

In the history of international trade, there have really been acts of dumping of a plundering nature and cases of each country protecting its own interests. In 1903 Canada became the first country in the world to enact an anti-dumping law. By World War II, all the principal industrial countries had their own anti-dumping law. In 1947 the GATT made special provisions against dumping, and this was the beginning of the international unification of anti-dumping laws. In 1967 the GATT's anti-dumping provisions were made more specific in the "GATT Anti-Dumping Law," which became effective in January 1988, and as of now about 20 countries have signed their recognition of it.

II. Historical Contributing Factor for Anti-Dumping Taxes Levied on China

The main reason that anti-dumping taxes have repeatedly been levied on China's export commodities is that China lacks an adequate understanding of the international anti-dumping law. Generally speaking, the core content of the law is the provision that states what constitutes dumping. A ruling on this issue requires that two conditions be satisfied: namely, existence of dumping and existence of injury.

A. Existence of dumping. In determining by means of prices whether dumping has occurred or not, the international anti-dumping law stipulates that "a product at a lower price than normal be brought into the importing

country's market." Herein three prices are included: (1) the domestic price in the exporting country, namely, "a comparable price that, under normal circumstances, when the product is used by the exporting country for domestic consumption." Therefore, when the price of an exported product is lower than the domestic price, it is very easy for other people to make a charge of dumping. (2) When there is no domestic price as mentioned above, then the price is the highest comparable price for a product, under normal trading circumstances, that is exported to a third country. (3) When the two prices mentioned above cannot be obtained, then the price used is that which is composed of "the production cost of the product in the original producing country plus an appropriate sales charge and profit." The above-mentioned definitions are for ordinary prices, and they are comparatively general and nonspecific. In fact, the international anti-dumping law cannot make specific rules for calculating prices, and thus in each country there is a fairly large leeway in domestic legislation.

B. Existence of injury. This includes a "significant threat" to the industrial products of the importing country and a "serious impediment" to the products of newly built industries in the importing country. The definition of injury requires two proofs. The first proof is obtained from an inspection of the identical product on the importing country's market and the situation in the comparable industry in that country. It includes various factors: price fluctuations, industrial output, market share, sales, profit margin, production rate, export results, and amount of cash in circulation. The second proof is that of a cause-and-effect relationship; that is, proof that the injury was caused by dumping. The degree of importance of the effect caused by the dumping, and the effect caused by other economic factors, must be investigated to determine whether the dumping was the main cause of the injury.

III. Legal Countermeasures Against "Anti-Dumping" Measures

A. China's foreign trade leading organizations, foreign trade corporations, and producing enterprises must conscientiously study the international dumping law and the anti-dumping laws of the principal developed countries of the West. In this way they will be able to know what to do when faced with anti-dumping measures, and they will make their decisions from a position of advantage. In particular, if the the government can, along with factories and businesses, deal with charges of dumping, it will be advantageous for enhancing our side's position in legal cases. At the same time, each country's anti-dumping law stipulates a period of time for the investigation of a case. For example, EEC countries stipulate that, before the final decision to levy an anti-dumping tax is made, the other side has four months' time to put forward an opposing opinion; America stipulates six months' time. If, within this period of time, lawyers at the place in question are engaged and materials are prepared, losses can be reduced.

However, our industrialists, because they do not understand the anti-dumping laws, after being accused of dumping often allow a case to develop. They often take an evasive attitude and do not argue their case strongly on just grounds. The relevant government department often does not make its position known. Thus our side is often placed in an extremely disadvantageous position.

B. Supervision of the export system must be strengthened, and the laws and regulations on export licenses must be strictly enforced. In China there exists the serious situation in which the foreign trade legal system is not sound and the relevant laws are not enforced effectively, thereby causing chaos in supervision. To increase exports some companies compete in underselling, with the result that not only does the "rich water drain away," but also they are often accused of dumping. The so-called "silk export war," "handicraft export war," and "clothing export war" vividly portray this situation. Therefore, there is a need to strengthen the system of supervising export licenses.

C. Cases must be handled according to law. Once a case occurs, we must make vigorous preparations to engage in the lawsuit. In modern society, commercial lawsuits are customary and we need not have a psychology of fear about lawsuits. Provided we have cause, we must be bold and assured and argue strongly on just grounds. Although the international anti-dumping law and the anti-dumping laws of various countries have legal definitions for dumping, in the provisions of these laws and in the handling of specific cases there are a lot of flexibility and indeterminacy. Therefore, we must actively engage well-qualified lawyers in the place in question and prepare relevant materials in order to deal with the investigation and the lawsuit.

D. We must insist on appropriate "comparable prices." We should select a third country or region that has a production level approximating that of China's, preferably a friendly country, to determine the domestic price of the same kind of commodity and act as a "substitute economy." China is defined by the West as a "non-market economy country," and the countries of the West have discriminatory provisions and practices against non-market economy countries. For example, the EEC levied an anti-dumping tax on China's paintbrushes exported to West Germany. When data on the Chinese market could not be found, it insisted on using Sri Lanka's market for comparison purposes, but the level of domestic prices for paintbrushes in Sri Lanka is higher than the average international level. Not only is this the case, but of the four Sri Lankan paintbrush-producing factories listed by the company bringing the lawsuit against China, two of them basically do not make paintbrushes and the other two are subsidiaries of the EEC. Obviously this comparison is not appropriate, and our side should resolutely oppose it. In general, the economies that can be compared with China's level of economic development are those of Egypt, Indonesia, Morocco, and Thailand, which can act as China's "substitute economies."

Foreign Investment Increases

HK2104132789 Beijing CEI Database in English
21 Apr 89

[Text] Beijing (CEI)—Shanghai used foreign funds in 50 items worth 33.01 million U.S. dollars in March, according to statistics provided by the Shanghai Foreign Economic Relations and Trade Commission.

Among them are 29 joint ventures attracting 17.56 million dollars, four foreign cooperative ventures worth 12.14 million dollars and 17 compensation trade projects totalling 3.3 million dollars.

Statistics show that in the first quarter of this year, Shanghai developed 111 projects with foreign funds worth 220 million dollars, much higher than last year's 30 projects in the first quarter with 110 million dollars of investment.

In the first quarter of this year, foreign investment in Shanghai had three main characteristics.

First, foreign invested enterprises increased remarkably. Eighty-two such enterprises were approved with investment worth 210 million dollars. Among them 73 were joint ventures involving nearly 100 million dollars, one was solely foreign invested enterprise and eight, cooperative enterprises.

While in the same period last year, only 16 joint ventures and cooperative businesses were approved worth 100 million dollars.

Second, the rate of industrial projects went up. It accounts for 89 percent in number and 45 percent in investment. Last year, the rate was 56 and 8 percent respectively.

Third, funds from Singapore soared to their highest level, reaching 110 million dollars, or 52 percent of the total. It was followed by Hong Kong and the United States. The investment from Federal Germany also increased, from 0.53 to 4 percent.

By the end of March, according to the statistics, investment from the United States totalled 600 million dollars; Hong Kong, 550 million; Japan, 260 million; Singapore, 170 million; and Federal Germany, 150 million.

Service To Foreign-Invested Enterprises Stressed

40060579b Beijing GUOJI SHANGBAO in Chinese
27 Apr 89 p 1

[Text] During the process of reorganizing the state administration and deepening the reforms, how are we to make use of foreign capital more freely and more effectively? After 5 days of discussion, the all-China work conference on investment by foreign businessmen further clarified this question and unified the understanding of it, namely, with "effectiveness" as the premise, make use of favorable

international circumstances and China's superiorities to freely assimilate foreign capital.

In summing up the conference, Li Lanqing [2621 1526 3237], vice minister of the Ministry of Foreign Economic Relations and Trade [MOFERT], pointed out that, in the period of reorganizing the administration, an active policy for making use of foreign capital must be adopted, a policy which persists in moving forward, is particular about results, and uses capital and materials on the most needed projects. In his summation Li Lanqing particularly emphasized that in all places priorities should be given to projects and to the objects and modes of cooperation. In line with the state's macroguidance and the actual situations in the places in question, we must better adjust the investment structure, sift and optimize projects, and pay particular attention to the economic and social results obtained by enterprises. Attention must be paid to joint ventures and joint contractual ventures in those small and medium-sized enterprises in foreign countries, Hong Kong and Macao, and Taiwan that have the technology and the management experience. Attention must also be paid to developing joint ventures and joint contractual ventures with multinational corporations, international purchasing groups, wholesale groups, and transnational department stores and supermarket groups. We must encourage and attract more independent-capital enterprises run by foreign businessmen, and more joint venture and joint contractual venture enterprises that have been transformed from China's existing enterprises.

The conscientious implementation of existing policies that encourage investment by foreign businessmen and the further improvement of the investment climate were another key point discussed at the conference. Li Lanqing called for an inspection of the situation in implementing the "State Council Regulations on Encouraging Investment by Foreign Businessmen" and the accessory policy measures taken by the relevant departments. He said that in perfecting the investment climate what is of utmost importance is to better run the present enterprises in which foreign businessmen have invested. For a while, consideration was given to these enterprises in some areas, and it would not have been impossible to continue this consideration. If an area were to form the optimum social environment to attract investment by foreign businessmen, it would have even more appeal.

Li Lanqing stressed that an important responsibility of the departments of the MOFERT is to serve foreign-invested enterprises and to enhance their management. How they are to be specifically managed can be decided by each area based on its actual situation. Provided the area is able both to make things advantageous for macroeconomic management and to make things convenient for investors, there will be no necessity to have a dialogue between the higher and lower levels and to seek rigid uniformity. The ministry's departments must take a positive, enthusiastic attitude in this regard. They must help solve problems and do

all they can to solve problems themselves; for those problems that defy solution, they should actively contact the relevant department, which should then help in mediation and solution. As departments of the State Council with comprehensive management functions, they put the emphasis of their work on macroeconomic fine tuning, enhance policy studies, and organize coordination and service guidance.

ECONOMIC ZONES

Hainan Economic Officials Deliver Reports *HK2604053389 Haikou Hainan Provincial Service in Mandarin 0300 GMT 26 Apr 89*

[Excerpts] The second session of the first Hainan provincial conference of people's representatives held a full assembly this morning. (?Jiang Wei), a responsible person of the provincial economic and planning department, and (?Liu Guishu), director of the provincial finance and taxation department, respectively reported on Hainan's performance in fulfilling the 1988 economic and social development plan and the draft development plan for 1989, and on the execution of the budget for 1988 and the draft budget for 1989. [passage omitted]

Jiang Wei said that in 1988 the province's industrial and agricultural output value was 5.07 billion yuan, 100 percent of the plan. The province further expanded its efforts in attracting foreign investment and promoting cooperation with the interior, and the momentum of development was very good. During the year 463 contracts were signed with foreign businessmen, an increase of 438 over the previous year. The contracts involved total investment of \$380 million, an increase of 27.1 times over the previous year.

Last year the province's total import and export volume was \$771 million, a rise of 130 percent over the previous year. This included \$280 million in exports, a rise of 140 percent. Foreign exchange income was \$163 million, a rise of 92.6 percent. [passage omitted]

Last year total investment in fixed assets in the whole of society was 2.013 billion yuan, a rise of 25.7 percent over 1987. In addition, there was a relatively large increase in financial revenue. The markets prospered and tourism showed great development. [passage omitted]

Jiang Wei said that the main tasks in the plan this year are to further improve the investment climate, increase progress in attracting foreign investment and organizing cooperation with the interior, strive for a good harvest in agriculture, and achieve a marked boosting of economic strength. The main macroeconomic targets for this year are: industrial and agricultural output value to reach 5.7 billion yuan, an increase of 12.4 percent over 1988; gross social output value to reach 13.3 billion yuan, a rise of 10.8 percent; national income to reach 6.9 billion yuan, a rise of 12.2 percent; gross domestic product to reach

8.4 billion yuan, an increase of (?12) percent; local financial revenue to reach 430 million yuan, an increase of 0.6 percent; and the retail price index increase to be markedly lower than last year.

Liu Guishu said in his report that last year Hainan's financial revenue was 427.51 million yuan. Including the tax on the use of farmland, the construction funds for key energy and communications projects, subsidies from higher authority, and the surplus from the previous year, total disposable finances were 1,460.6 million yuan. Comparing revenue and expenditure, last year the province's financial deficit was 2.18 million yuan, somewhat lower than the 1987 deficit.

For this year's budget, taking into consideration the impact of various factors and the actual conditions in the province, the budgeted revenue is 430 million yuan, an increase of 2.49 million yuan over the actual revenue in 1988 and an increase of 96.42 million yuan over the plan approved for Hainan by the central authorities. The expenditure arranged for the year is 1,122.18 million yuan. This year's budget is balanced [as heard]. The main expenditure will be on investment in capital construction; support for rural production and for agricultural, forestry, and water conservancy undertakings; support for cultural, educational, and public health work; readjusting the wages of staff in administrative undertakings and units; science and technology; and urban maintenance and construction.

Eleven Local Ports Opened in Hainan *HK2704122389 Beijing CEI Database in English 27 Apr 89*

[Text] Haikou (CEI)—Hainan Province has opened 11 local ports to meet the needs of the rising foreign economic and trade activities.

The new ports include Haikou Xingang Port, Wenchang Qinglan Port, Hepuqian Port, Qiongsan Qukou Port, Qionghai Tanmen Port, Lingshui Xincun Port, Sanya Neigang Port, Lingao Xinying Port, Leidong Lingtong Port, Zhanxian Baimajing Port and Changjiang Changhua Port. Most of these ports have berths to accommodate ships with 1,000 death weight tonnage.

In the past, most of Hainan's import and export cargo and raw materials for enterprises, which process with supplied samples, materials or assemble with supplied machine parts, had to be shipped out through the only Haikou port causing ships to delay their shipment.

To change the situation, the Hainan Port Administration has set up local ports in recent years to handle import and export cargo from and to Hong Kong and Macao regions.

Hainan's Industrial Output Increases in First Quarter

HK1904133989 Haikou Hainan Provincial Service in Mandarin 0300 GMT 18 Apr 89

[Excerpts] The total industrial output value of our province in the first quarter of the year topped 552.87 million yuan, an increase of 15.26 percent over the same quarter last year. State-owned industrial enterprises of the province delivered to the state a total of 51.38 million yuan in terms of taxes, up by 8.28 percent over the corresponding period of the previous year, and cleared a profit of 38.34 million yuan, representing a 206 percent rise over the same period last year.

The industrial output value of 19 cities and counties of the province in the first quarter of the year increased in varying degrees, compared with the same period last year, with Wenchang County being 95.57 percent, Haikou City being 40.26 percent, Qionghai county being 30.37 percent. [passage omitted]

Meanwhile, electric energy production of the province in the first quarter of the year increased by 68.47 percent against the same quarter last year and electricity for industrial production was guaranteed in the main. [passage omitted]

Electric Power Surplus Expected for Hainan

HK1904120389 Beijing CEI Database in English 19 Apr 89

[Text] Haikou (CEI)—The power supply in Hainan Island is expected to reach one billion kilowatt-hours this year, double that of last year, making it the second province in China with surplus electric power supply.

The first phase project of the Macun Power Plant in the province, with a 50,000 kw generating unit, was put into operation in September last year. Then four generating units in Niululing, each one with a generating capacity of 20,000 kw, were completed, alleviating the power shortage in the province. The second phase project of the Macun Power Plant, with the same generating capacity as the first unit, is scheduled to go into production by July this year. Besides, construction of the Dagauangba Irrigation and Electric Power works started in April and that of Yangpu Power Plant is to begin in the latter half of this year. Meanwhile, the province is restructuring and expanding its power supply network.

The province is now regularizing its management over the network which covers all the areas in the province except some regions in Dongfang and Ledong prefectures.

LABOR

Number of Urban Employees Doubles in Decade

OW2704012989 Beijing XINHUA in English 0954 GMT 26 Apr 89

[Text] Beijing, April 26 (XINHUA)—Chinese cities and towns have provided jobs for 78 million more people in the past 10 years since 1979, according to the Ministry of Labour.

In that period, the number employed by the state has increased by 25.33 million. Those working for collectives have increased by 14.79 million, and for self-employed workers by 6.44 million.

Of the total number of urban employees, those working in tertiary industry rose by 25.15 million, or from 37 percent in 1978 to the present 42 percent.

In the same period, the number of employees in light industry increased by 10 million.

POPULATION

Nation Reaches Third Population Peak

OW2104010889 Beijing XINHUA Domestic Service in Chinese 1124 GMT 17 Apr 89

[Local Broadcast News Service]

[Text] Since the founding of New China, a total of three peaks of population growth have appeared in China. The first peak emerged in the 1950's, and the second peak appeared between 1962 and 1975. Starting from 1986, the third peak will extend to the end of this century as the 360 million people born during the second peak of population growth are continuously entering the child-bearing stage. Of those people, the number of women of childbearing age 15-49 will rise from 280 million in 1986 to 340 million in 2000. Each year, some 12 million young women will reach their peak age in childbirth, nearly doubling those during the previous two peaks. The most important reason for the loss of population control from 1986 to the present moment is the effect of the third peak of population growth. It is important to control the population during the next 12 years, because it will not only affect the current population, but also decide the population for the next century. It is for this reason that men and women of insight and the various departments in charge of planned parenthood have called on all the people to strengthen their concept on population, and join their efforts in curbing the excessively rapid population growth.

Challenges Posed by Population Situation

40050540 Beijing GUANGMING RIBAO in Chinese
13 Apr 89 p 1

[Article by reporters Fan You 5400 0642 and Chen Guangman 7115 0342 2581: "China's Population—Quantity and Quality"]

[Text] The Enormous "Denominator"

In the middle of April, China's 1.1 billionth person will be born. The arrival of a new life is undoubtedly a happy event for a small family, but for a "large family" of 1.1 billion people, food, clothing, housing, education, medical care, etc. are all difficult matters which is well known to the all.

China has been world-renowned for "vast territory, abundant resources, and a very large population." For a very long time Chinese have prided themselves on this.

What is the real situation? When divided by the denominator of China's "vast territory and abundant resources" there is no way one can be proud:

China has only 1.5 mu of arable land per capita, less than one-third of the world per capita figure, and ranks eighth among the 76 countries in the world which have a land area greater than 100 square kilometers, per capita water resources are only 2,563 cubic meters, or 88th place in the world; the per capita forest and afforestation area are lower than one-third the world per capita level; food per capita is 359 kg, also lower than the average world level.

For many years China has supported nearly one-quarter of the world's population with only 7.5 percent of the world's arable land. China's population has greatly exceeded its socioeconomic operating capacity and rational resource bearing capacity. According to the calculations of the National Conditions Analysis and Research Topic Group of the Chinese Academy of Sciences, the population appropriate for China's current economy is about 800 million (our excess population is 200-300 million) and the sensible population for the resources is 950 million (our excess population is over 100 million.)

Limited natural resources cannot be increased but population still can increase steadily.

Since the birth of New China, under the slogan "large population, a full head of steam, a great drive," we have gone through two population birth peaks with an easy conscience. In the early 70s, when people were beginning to wake up to the fact that a large population is not necessarily a good thing, China's population had already increase from 540 million in the early post-Liberation period to over 800 million. The shortcoming of too many people was evident everywhere.

The error of birth begins to "return the compliment" and an oncoming third birth peak is approaching. The 360

million people born between 1962 and 1975 began to enter their peak childbearing years in 1986. An average of 1.1 to 1.3 million women will reach childbearing age annually, nearly double the number of the previous two peaks. It is estimated that this peak will continue unabated until after 1995. During this period about 2.2 million babies will be born, a net population increase of about 1.5 million. Calculated this way, China's population may very well exceed 1.3 billion by the end of this century.

From 1980 to 1986, the average rate of increase of the income of China's citizens was 9 percent, a rate which is rapid in world terms, but the per capita increase was not great, since the per capita income in 1986 was only 740 yuan. The 1987 increase in income was 78.3 million yuan, but the per capita average increase was only 70 yuan, or 20 cents per day, that is, if each person ate one extra egg per day, the increase would be eaten up.

Take housing for example. The average annual area of new housing construction in Beijing Municipality since 1977 has been about 4.3 million square meters, and if each newly added person requires 8 square meters, 40 percent of the newly constructed housing will be taken up by the population increase.

If China's population cannot be controlled at about 120 million, even if the gross value of income reaches the anticipated goals, by the end of this century, the idea of achieving a comparatively well-off standard of living will also come to nothing.

Worrisome Population Quality

China is not only under enormous pressure of population size but is also facing similar serious challenge regarding population quality. Many knowledgeable people have pointed out that the era of succeeding by reliance on resources has passed and the era of gaining a victory through knowledge and new technology has arrived. The development of the intelligence of the population and improving the quality of the people will solve everything, and this point has not yet attracted sufficient attention in China.

Is the problem really this serious? In an interview, an economist provided us with the following numbers. Our people have on average less than 5 years of education; one quarter of the entire population is illiterate or semi-literate, and illiteracy and semiliteracy among the peasant population is as high as 44 percent; nearly half the population between 15 and 19 have not had a junior middle school education; only 9.7 percent of the population 25 years of age and older have a senior middle school or higher educational level; in 1987 only 88 percent of the total population nationwide had a university education; engineers and technicians make up only 2.8 percent of the total number of employees in the

industrial sector; 80 percent of the workers have an education level below that of a junior middle school graduate.

Currently, the population of China who enter their working years annually is greater than the net population increase. According to projections, 2010 will be the time when China's labor force will be most abundant, and will also be the time when the proportion of the population is being reared and provided for is at its lowest. In demographic terms, this period should be a time when China benefits from its population and also what some have called the golden age for developing the economy. But we are facing a problem. If we cannot benefit from the population at the time we should, then during the golden age for developing the economy, we will be unable to take advantage of the resources of an abundant labor force. One of the reasons is the low educational level of our labor force and the low level of labor productivity due to this.

The reliance of China's rural areas on manual cultivation has not changed much. From 1952 to 1986 the food produced by each agricultural laborer has only increased from 898 kg to 1,031 kg, an increase of less than 15 percent. From 1978 to 1984 China's employees have increased from over 94 million to 110 million, total wages increased from over 56.8 billion to over 110 billion but there was no corresponding increase in labor productivity and in some sectors it even declined. With such a large population and such low labor productivity, how can we rank among the nations of the world tomorrow when competition will be even fiercer? As the 1.1 billionth Chinese is born, shouldn't this be something for each citizen to consider?

Since the founding of the PRC, the death rate nationwide has declined from 20 per thousand in 1949 to 6.69 per thousand in 1986, and the average life expectancy in 1987 was 69, twice as long as before liberation. Does this mean that the physical constitution of China's people is among the advanced ranks worldwide? Another figure which coexists with these two numbers points out to us that this is not the case and that there are also very serious problems in this area. In terms of nutrition, here are some facts: 28.9 percent of China's young people and 36.16 percent of the children are malnourished. Chinese 12 year-old boys and girls are shorter than their Japanese agemates by 7.2 cm and 5.75 cm, respectively and 9 kg lighter in weight.

A new life is born in China on average every 1.3 seconds. According to a 1983-1985 survey of seven provinces and cities, 12.8 per thousand of the total number of newborns had birth defects, i.e., nearly 300,000 babies with birth defects are born each year in China and there are now 8-10 million deformed babies in China;

There are 800,000-1,000,000 babies born with hereditary diseases annually and there are now 20 million suffering from hereditary diseases nationwide;

The number of children between 0 and 14 years of age who have low intelligence is 1.2 million, which is a rate of 10.7 per thousand;

There are more than 50 million persons with deformities nationwide, which is almost one deformed person per every five households.

The Way Out: Control Quantity and Improve Quality

A large population of poor quality is China's present population situation. Facing such a situation, what should we do?

Demographers think that the urgent task now is to control population quantity strictly. If population increases too fast, a large part of the socially created wealth will be used up as the new population increases. On the other hand, controlling population growth will bring with it enormous socioeconomic benefits. According to reports, in the 10 years since the 3d Plenary Session of the 11th Party Central Committee over 100 million fewer people were born because China carried out family planning, and calculated in 1986 consumption levels, this is a saving in the rearing costs borne by society and the family of 1 trillion yuan, almost equal to China's 1987 gross national product. Some have calculated that if the population control plan proposed by Mr Ma Yinchu [7456 1377 0443] had been adopted in the fifties, our present total population might be smaller by 300-400 million and the per capita income would be increased 30-50 percent. For this reason, for some years ahead it will be necessary to continue advocating that couples bear only one healthy child. Although this is not an ideal method, it can still be an important measure for preventing the continued and uncontrolled growth of China's population. At the same time births outside of family planning, especially multiple births, should be controlled more strictly.

To ensure the smooth progress of family planning, specialists suggest that now we must implement consistently a family planning policy and draft laws in such areas as family planning, eugenics, and population mobility management as quickly as possible; increase investment in family planning; improve scientific research on family planning; management and propaganda and education work; improve the level of birth control technology; and vigorously expand social security.

Some demographers and economists point out that the population problem is essentially an economic problem and to resolve the population problem it is necessary to develop the economy. Many national surveys indicate that when the per capita gross national product reaches \$750 the birth rate of the population begins to decline. Some local domestic surveys similarly indicate that when the per capita income reaches 1,400 yuan, the birth rate can decline.

Improving the physical health of the population also requires certain material conditions. Abundant food and good nutrition, advanced medical and public health facilities, cultural, physical education, and recreational facilities for improving physical and mental health and people's living conditions, housing and work environment all are directly related to the physical health of the population and these all require developing the economy and creating greater social wealth.

How can we make the economy develop?

Some demographers point out that we cannot view a large population as merely a burden, for at the same time it is also a resource. In a country in which the population can become a resource, a large population is not a burden, but in a country in which the population cannot become a resource, a large population is truly a burden. The issue lies in how it is organized and utilized.

Japan, which has high population density and in which there is a severe lack of material resources, has achieved the highest labor productivity in the world by relying on expanding education and the advantages of intellect.

The way out for turning China into a country with a large population resource similarly lies in developing education and improving the educational level of the population.

More than one specialist has said that improving the quality of the population, especially improving the educational level, is not only beneficial for economic development, but especially also for controlling the size of the population. It has already been proven that the higher women's educational level, the lower the birth rate. A 1981 survey in China of the birth rate of women below the age of 49 indicates that those with education at the elementary, junior middle school, senior middle school, and university bear on average 0.93, 1.66, 2.33, and 2.8 fewer children respectively than those who are illiterate.

For a long time the Chinese peasant has lived a life of low material and educational levels. In their eyes, having one more child only requires adding one more ladle of water to the cookpot; but the deeply rooted ideas of "bear a son to protect the elderly" and "pass on the tradition to the next generation" also keeps them trying to have sons. How can they take rearing and education into account?

A population which is large in number and low in quality is one of China's national circumstances. "Implement family planning, control population size, improve population quality," is a basic national policy which China must adopt. Each citizen of the People's Republic of China should remember: You have the responsibility to carry out your own duty for the implementation of this national policy.

AGRICULTURE

Agricultural Investment Up

HK2204090289 Beijing CHINA DAILY in English
22 Apr 89 p 1

[By staff reporter Zhang Yuan]

[Excerpt] [passage omitted] During the first three months of the year State investment in agriculture was 2.76 billion yuan, an increase of 31.3 percent. Local governments also increased their investment in agriculture.

At the same time, farmers spent 22.3 billion yuan on purchasing materials related to agricultural production, an increase of 23.9 percent.

Since last winter, a total of 3.5 billion labor-days were put in farmland capital construction.

As a result, about 5 million hectares of irrigated land were developed or renewed and 2 million hectares of soil eroded land were reclaimed.

According to a survey, Zhang said, total grain sown area will be increased by 1.33 million hectares this year, up 1.2 percent over last year.

In this period, about 84 million pigs were slaughtered, up 4.6 percent. By the end of March, pigs in stock were 320 million, up 4.5 percent.

But Zhang warned that pig raising in some areas would probably decline because of the rising price of pig feed. [passage omitted]

Livestock Farms 'Thrive'

OW2404032989 Beijing XINHUA in English
0154 GMT 24 Apr 89

[Text] Harbin, April 24 (XINHUA)—Livestock farming, which used to be a sideline business in Heilongjiang Province, has turned into an independent trade.

According to the provincial livestock bureau, the output value of livestock farming in the province in 1988 reached 1.8 billion yuan, an increase of 1.15 billion yuan (3.7 yuan to a U.S. Dollar) on the figure for 1978.

The director of the bureau, Song Qingyin, said that the province has about 7.55 million hectares of prairie, which entitles it to seventh place for area of prairie among the 30 provinces, municipalities and autonomous regions of China.

He said that in the past decade the contract system has stimulated the initiative of farmers in livestock-farming, with favorable ecological results for the province.

In the past six years, farmers have collected more than 20 million yuan for the grassland development program, which has transformed 530,000 hectares of prairie and built 170,000 hectares of man-made grassland and 3.87 million hectares of grassland sown from the air.

Livestock farming in the province has also promoted light industry, the textile industry and the food-processing trade in the province. Its dairy products now represent 28 percent of the total output of China.

Song said that in 1988 the number of cattle in the province reached 2.23 million head, an increase of 1.05 million over the 1978 figure, and the number of sheep and pigs reached 2.7 million and 8.29 million head respectively.

Last year, total meat output was 383,000 tons, an increase of 133,000 tons on the previous year's figure, and milk output 800,000 tons, an increase of 713,000 tons.

Song said livestock changes have altered meat supplies. In 1978, pork took up 95 percent of the provincial meat market, but the figure in 1988 was 71 percent.

The number of beef cattle on the meat market has increased from 70,000 head in 1978 to 380,000 in 1988, and each year about 20,000 head of cattle are exported to Hong Kong.

Grain Production Record Set
OW2404182689 Beijing XINHUA in English
442 GMT 24 Apr 89

[Text] Guangzhou, April 24 (XINHUA)—This year's spring grain production in south China's Guangdong Province totalled 670,000 tons—an increase of 30 percent over the same period of last year.

The figure is reportedly the highest record set by the province since the 1980s.

Last winter Guangdong's sown acreage amounted to 660,000 hectares—of which 31,000 hectares were planted with grain—increasing the province's grain crop by 74,600 hectares in comparison to 1988.

A grain production record of 2,614 kilograms per hectare was also set in Shantou City in the east of the province this year as a result of the establishment of a wheat group and wheat production bases in one county and 42 towns.

Governor on Agricultural Investment, Prices
HK2604031189 Xian Shaanxi Provincial Service in
Mandarin 2330 GMT 25 Apr 89

[Excerpts] In his government work report, Governor Hou Zongbin pointed out that it is essential to increase investment in agriculture to boost the reserve strength of agriculture. First, this means increasing capital investment. This year the province will invest 31.2 percent of its increase in financial revenue into agriculture, and the prefectures and cities should achieve over 20 percent in this respect. The counties too should invest as much more capital as possible in agriculture. [passage omitted]

Second, it is necessary to increase material input. This year we should set up responsibility systems, grasp implementation, and get a good start on the 10 projects for boosting the reserve strength of agriculture. We must give priority to ensuring energy and raw material supplies for industries supporting agriculture. [passage omitted]

Third, we must increase science and technology input. [passage omitted]

Governor Hou Zongbin pointed out that it is essential to strengthen price controls and ensure that this year's price increases will be markedly lower than last year's. In order to reduce the impact of price fluctuations on daily life, we must firm up measures at all levels regarding 14 daily necessities. We must strictly implement the price control jurisdiction and strictly prohibit units from exceeding their jurisdiction in price adjustment. The prices and the standards of fees and charges administered by the State Council, the provincial government, and the departments concerned may not be arbitrarily raised by any locality, department, or enterprise. The prices of ration grain and oil for urban residents must not be raised. The existing subsidies for the main nonstaple foods must not be reduced. This is in order to maintain basic price stability. [passage omitted]

Minister on Changes in Public Security Work
40050353 Beijing FAZHI RIBAO in Chinese
9 Feb 89 p 2

[Article by Wang Fang 3769 5364: "Public Security Work Keeping Up With Reform"]

[Excerpts] [Passage omitted] Under the leadership of the CPC Central Committee, the State Council, and party committees and people's governments at all levels, and with the support and cooperation of all social quarters and the masses, public security organs in the last decade have fulfilled their responsibility of "protecting the people, taking strong measures against the enemy, punishing the criminals, and serving the four modernizations." They have steadfastly hit out at criminal activities, worked hard to maintain social order, and assiduously reformed all aspects of public security work, creating a more favorable social environment for reform, the open policy, and the four modernizations.

1. Cracking Down on Serious Criminal Activities

In September 1983 the Standing Committee of the National People's Congress passed the "Decision on Strictly Punishing Criminals Who Seriously Endanger Social Law and Order" and "Decision on Speeding Up Judicial Procedures Involving Criminals Who Seriously Endanger Social Law and Order." In accordance with these decisions, public security organs across the nation launched a struggle to crack down on serious criminal activities with the cooperation of procuratorates, courts, and judicial administrative organs and by relying on all social quarters and the masses. In a little over 3 years, 1.64 million criminal cases were solved, 1.70 million assorted criminals were arrested in accordance with the law, 37,000 miscellaneous guns, 2.07 million bullets, 1.07 million kilograms of explosives, and 6.07 million detonators were captured, and over 890 million yuan in stolen money or stolen goods were recovered. In so doing, they largely succeeded in putting an end to the abnormal situation in social law and order.

Following the "crackdown," public security organs at all levels proceeded from reality and continued to adhere to the crackdown policy. Depending on the seriousness of the law and order problem in the locality, they waged targeted struggles against specific crimes, such as violent crime, robbery, theft, holdups, rape, gold smuggling, illicit trade in cultural relics, and raids on the hideouts of criminal elements. According to incomplete data, over 300 special struggles were organized at the provincial, regional, and municipal levels by provincial, regional, and municipal public security organs during the past 10 years and more than 1,100 special struggles were launched either by the public security organs of municipalities and regions directly administered by provinces or jointly by the public security organs of several counties or municipalities. As a result of all these special struggles, 770,000 criminal cases were solved, 275,000 criminals were arrested in accordance with the law, and

510 million yuan in stolen money or properties were recovered. At the same time, public security organs stepped up investigative work and cracked a large number of cases, particularly those involving heinous crime, and succeeded in maintaining a stable law and order situation.

2. Strengthening All Aspects of Security Work and Intensifying Social Preventive Mechanisms.

To maintain social order effectively, public security organs have worked hard to win the support and assistance of all parties in society, promoted the comprehensive treatment of law and order energetically, and tackled crime prevention aggressively. In accordance with the principle—"whoever is in charge should be held responsible," public security organs have actively encouraged all departments and units to establish or improve all kinds of law and order responsibility systems to be supervised and inspected by public security organs in accordance with the law and other pertinent regulations. In large- and mid-sized cities, law and order patrol and joint defense forces made up mainly of public security police and joint defense members prevented and discovered miscellaneous criminal activities. To deal with the vast expansion of security work at a time when police forces are grossly undermanned, many cities have set up security companies and established defense units in organizations, schools, enterprises, and institutions. At a number of large enterprises and institutions of higher education, factory defense teams, school defense teams, and economic militias have been created, even branches of public security organs in some cases.

Under the leadership of party committees and people's governments, many local public security organs in recent years have diligently explored the possibility of reforming and strengthening the public security committee and accumulated a good deal of experience in the establishment of a mass security system centered on that committee, the introduction of a law and order responsibility committee in a variety of forms, and the improvement of the composition of public security committees. This has strengthened social defense mechanisms and proved instrumental in preventing, discovering, controlling, and cracking down on criminal activities.

3. Reforming and Improving Public Security Administration and Preserving Law and Order

Over the last decade, particularly in the past few years, public security organs everywhere have improved public security administration and management in accordance with the law even as they cracked down on serious criminal activities and strengthened preventive security work. They have set up a public security management system for railroad stations, wharves, parks, bustling business districts, markets, tourist areas, centers for recreation and sports, and other crowded public places as well as hotels, restaurants, large enterprises and institutions. Since 1 January 1987 when the new "Law and

Order Management Penal Regulations" went into effect, public security organs at all levels have stepped up the investigation of all sorts of violations of public security management. In recent years, public security organs nationwide handle 1 million law and order cases each year, solving many law and order problems and contributing to changing the social climate and expediting the construction of the socialist spiritual civilization.

In the past 10 years, public security organs, particularly county public security bureaus and urban public security substations, have carried out some reforms in the delegation of power, work methods, service systems, and personal responsibility system. They have also conducted some useful pilot projects to increase the openness of public security work. The Ministry of Public Security and the public security bureaus or departments of many provinces, autonomous regions, and municipalities directly under the central government have established a press spokesman system to make regular public announcements on major events in law and order and public security work. Some large cities have set up a special police telephone hot line—"110"—which people can call to report crime. Numerous public security organs have entered into miscellaneous forms of consultation and established a dialogue with the masses. A number of localities are now conducting parts of their work in the open. For example, they announce the number of people who will be allowed to "transfer from agriculture" to other lines of work and process motor vehicle licensing and handle entry/exit procedures in the open, thereby putting themselves under mass supervision voluntarily.

4. Reforming Various Aspects of Public Security Work and Expanding Professional Exchanges with Foreign Nations

The existing public security administration system and methods are ill-suited to the current reform and open policy. Accordingly, public security organs at all levels have been actively looking for new ways and methods to strengthen public security management. An outstanding example is the introduction of a citizen identification card, which marks the shift in China's permanent residence registration work from a passive management mode to an active management model. Since early 1985, 340 million people nationwide have been issued ID cards and a total of 500 million citizens are scheduled to receive such cards by National Day this year. A nationwide ID card inspection and examination system will also be introduced.

Entry/exit formalities and frontier inspection work have also been reformed extensively in accordance with the principles of opening to the outside world and serving economic construction. Regulations governing the overseas travel of citizens for personal reasons have been relaxed. At the same time, entry formalities for foreigners and compatriots from Taiwan, Hong Kong, and

Macao who enter China to do business, visit relatives, and sightsee have been simplified.

The State Council decided in October 1986 to centralize the management of the nation's urban and rural road traffic in the hands of public security organs. Over 2 years of practice proves that this major reform has succeeded in ending the fragmentation and buck-passing characteristic of road traffic management in the past, improving traffic order, reducing traffic accidents, and promoting economic construction.

Public security organs have also made substantial progress in their own internal modernization. In recent years they have purchased some computers and modern communication equipment, which form a rudimentary public security communications network. Now that they are better equipped for information transmission, command, and liaison, they are better able to conduct mobile warfare and respond quickly. Some cities have computerized residence registration management, citizen ID card management, traffic control, and criminal investigation. Significant headway has been made in investigative technology, criminal evidence testing, and the manufacturing and application of new products aimed at preventing burglaries, explosions, and fires.

Through a variety of channels, China's public security organs have increased contacts with interested nations and regions to further exchanges and cooperation. In September 1984, China joined Interpol, marking the beginning of multilateral contacts. Already China has established cooperative relations with the central police authorities of over 60 nations to help one another with investigation and information exchange. The well known jin liyu drug smuggling case, for instance, was the result of close cooperation between China and the police forces in the U.S. and Hong Kong. In addition, it has established bilateral contacts and cooperation with the internal police departments of some nations and regions and joined the World Federation of Volunteer Fire fighters and the International Road Safety Association.

5. Putting Into Effect the Principle of Socialist Democracy and The Rule of Law and Intensifying Public Security Legal Construction

[Passage omitted] In July 1979 the second session of the Fifth NPC adopted the "Criminal Code of the People's Republic of China" and the "Criminal Procedural Law of the PRC." Subsequently the Ministry of Public Security made a series of detailed regulations concerning investigation and pretrial work in order to put the two statutes into effect. These regulations require public security organs at all levels to handle cases strictly in accordance with the law so that criminals will be punished properly and effectively. Meanwhile, a total of 23 pieces of public security laws and regulations were approved and promulgated by the standing committee of the NPC and over 80 local public security laws were drawn up by the standing committees of the people's

congresses and people's governments in various provinces, autonomous regions, and municipalities directly administered by the central government. The formulation of these laws and regulations has done much to perfect the public security legal system and mobilize social forces in a joint effort to maintain law and order. Public security organs at all levels have generally increased legal education for police and voluntarily submitted themselves to supervision and inspection by NPC deputies, members of the Chinese People's Political Consultative Conference, and procuratorial and supervisory organs.

6. Strengthening the Construction of the Public Security Corps and Improving the Caliber of Policemen

As a result of the effort to rectify and expand public security organs in the last 10 years, the public security corps has seen substantial improvement in both quantity and quality. At present, there are 670,000 public security policemen nationwide or 1.20 million if we include armed policemen. On the whole the quality of this corps is good. Nevertheless its political and professional qualities are such that it is still incapable of handling the arduous responsibilities of public security organs in the new era. Accordingly, public security organs at all levels have been hard at work reopening and expanding public security schools and stepping up the training and education of policemen, including on-the-job policemen and new recruits. There are currently 135 colleges and secondary schools in the nation's public security system, with a combined enrollment of 45,000. In addition, there are 91 public security cadre schools which provide training in rotation for groups of on-the-job public security cadres and policemen. Moreover, public security organs adhere to the policy of "managing the police forces strictly" and take pains to improve political and ideological work continuously. They are helping to build a spiritual civilization and providing education in professional ethics, discipline, and responsibility. They have also investigated and handled all kinds of cases involving violations of discipline. The discipline, style, and political and professional qualities of the public security corps have been further improved. [Passage omitted]

Between 1980 and 1987, 156 Class 1 and 2 heroes have emerged. In addition, 11,700 collectives and over 39,500 policemen were commended for meritorious services. In their struggle with criminal elements and emergency and disaster relief work, the broad masses of policemen stayed calm even though they were confronted with danger and displayed a noble selflessness in protecting the people's lives and properties. Between 1981 and 1987, 683 policemen bravely lost their lives in their struggle with criminal elements while 6,661 were gloriously injured or crippled.

The Chinese People's Armed Police Force, set up in 1983, is part of the PRC's armed forces. Under the close guidance of the public security organs, the armed police force has fulfilled such vital functions as internal

defense, frontier defense, fire prevention, policing, detention, and the maintenance of social law and order with satisfaction.

In the past decade, all public security policemen and commanders of armed units in public security organs at all levels across the nation have worked hard with considerable achievements. But there are still weaknesses and inadequacies in our work, notably our failure to fully study the new conditions and problems that have arisen in the new circumstances and to meet the requirements of the developing situation, understaffed police, the failure to utilize the fighting capacity of the entire corps, and some serious problems in discipline and style of the public security corps. All these problems cry out for solution. [Passage omitted]

Changes in Chinese Intellectuals Examined 40050279 Beijing GUANGMING RIBAO in Chinese 27 Jan 89 p 3

[Article by Teng Yun 3326 0061: "Breaking the Link between Intellectuals and Poverty"]

[Text] "Yellow and Black—The Abnormal Change of China's Intellectuals" (TIANJIN WENXUE, Issue 9 1988) by Zhang Jianwei [1728 1696 0251] is a reportage on the psychological change in Chinese intellectuals today in the face of the challenge of the commodity economy. It is not a reportage on a person or an event. Nor is it a reportage on a social issue, which is currently a very popular genre. Instead, it takes a close-up look at a social psychology. It does not report on a person, event or issue, but a state of mind.

The difficult and impoverished living conditions of modern Chinese intellectuals have been depicted in a host of novels such as "The Middle Age" and a series of reportages. Reading them moves one to tears. But what can we do? The Chinese intellectual personality, shaped by history, had always struggled on, however harsh the circumstances, and continued to give of himself tragically and heroically. But times have changed. We now have reform and the open policy. No longer will Chinese intellectuals of the 1980's be able to remain ensconced in their ivory tower while the tidal wave of the commodity economy rages around them. Whether acting on his own initiative or being swept along by circumstances, the Chinese intellectual is undergoing a change in personality, from an intellectual personality to a non-intellectual, mercenary, personality, a change which may please some, distress others. China's modern commodity economy is barely a few years old, but it has already shaken up the intellectual personality thousands of years in the making. This is a change of our times, one that will impact the cultural personality of the existing generations and those to come. "Yellow and Black" is precisely a report on the sea of change in China's intellectual personality.

Confucius said, "A man of moral integrity is content to be poor." This can be interpreted at two levels. First, it is the historical lot of an intellectual to be poor and materially destitute. "Most men of letters are poor." (Bai Juyi) "Most intellectuals cannot make money." (Du Fu) "Few poets prosper, most are poor." (Qu Yangxiu) This has been the case throughout history. There were times when Confucius himself had to go hungry. Second, Confucius turned poverty into a virtue, a source of moral strength that an intellectual could be proud of. He praised Yan Hui, who lived in a desolate alley, survived on a meager diet, and still maintained his cheerful disposition, as "worthy." He taught his 3,000 pupils and posterity that a person of moral integrity concerned himself with righteousness, not profit (only a mean person talked about profit), that he was content with being poor (only a mean person was not content to be poor), that he would not eat to his fill or live in comfortable circumstances (only a mean person would want to be well fed and crave comfort and security), that he would stick to his principle even though he was poor, and that he applied himself to furthering the truth, not worrying about where food was going to come from. Passed on from generation to generation, such moral teaching has struck root and been internalized as the intellectual personality. Thus Chinese intellectuals have kept their vow of poverty amid much hardship through the millennia—pitying, deceiving, and comforting themselves at the same time.

Still it is no fun being poor or hungry. Confucius himself admitted, "It is hard to be poor without complaining." Chinese intellectuals who were poor, therefore, looked for ways to improve their lot. Traditionally there were two methods in which scholars could better their circumstances. One was to become an official by joining the bureaucracy. As they said, "After one has achieved academic distinction, one becomes an official." "In books one will find houses of gold." In the language of "Yellow and Black," this is a merging of the "black way" of the intellectual and the "red way" of those in power, a marriage between the black robe of the intellectual and the red hat of the bureaucrat. The writer of "Yellow and Black" does not realize that the merging of the "black way" and the "red way" in the final analysis amounts to the "yellow way" open to intellectuals in the past. The second method was to peddle one's knowledge and writings to those who had power and influence. "Yellow and Black" mentions that in the Tang Dynasty, Pei Du, an official stationed in Luoyang, commissioned Huang Futi to write an inscription for a tablet dedicated to his ancestors. The inscription consisted of 3,000 characters, each of them paid for with 3 bolts of thin tough silk. What "Yellow and Black" leaves unsaid is that this too constituted a "yellow way" for the traditional scholar peddling in letters. This gave the Chinese intellectual personality a worldly side.

While some scholars were worldly, the Chinese intellectual remained essentially a man of moral integrity whose poverty did not prevent him from pursuing the truth.

There were many outstanding writers in ancient China who sadly but unanimously identified with this principle of literary creation: "It takes an impoverished writer to turn out great writing." This makes sense but it is a rationalization of being poor. It transforms what is a moral precept—"a man of moral integrity is content to be poor"—into a literary principle. The idea that "it is alright to be poor" and "being poor is good for you" has imprisoned the spirit of Chinese writers throughout history.

After living in poverty for thousands of years, Chinese intellectuals and writers should be ready for a change. Why should intellectuals alone be indifferent to profit? Why should a writer lose all his scholarly prestige the moment he starts being money-minded? Why should intellectuals be inevitably linked to poverty? Is poverty inherent in the intellectual personality? Or is it a distortion of it? "A man of moral integrity pursues the truth, not poverty." "A man of moral integrity concerns himself with the truth, not poverty." Is the truth really worth pursuing? Isn't the truth, which makes so many people content with poverty, itself worth worrying about? The answers to these questions lie not in the philosophy of the ancients, but the practice of the moderns and ancients. The current reform and commodity economy pose brand new answers in front of us. In China today, it is hard to make lots of money as a scholar. Money can be found only through nonacademic pursuits. "Yellow and Black" includes the following statistics. In ancient China, the intellectual earned about 13 times what the manual worker made each year. Before the liberation, an intellectual with a college degree earned 6 to 26 times what a worker made. In the 1950's and 1960's, the earnings of intellectual and menial workers gradually reached the same level. In the 1970's and 1980's, a menial worker earns 20 to 30 percent more than his intellectual counterpart. The book describes in detail how the earnings gap has encouraged intellectuals to join the ranks of merchants. In the process, the intellectual personality is changing into a mercenary personality. Intellectuals are severing their ties with the "black way" and allying themselves with the "yellow way." The older generation admonishes the younger generation thus: "Knowledge is power. He who has knowledge finds peace in poverty." The younger generation teaches the older generation that "money is power and that he who is poor certainly cannot find happiness." "Yellow and Black" reflects the existing reality. Knowledge is becoming receptive source to money. Scholars are being influenced by businessmen. Teachers are being influenced by students. The older generation is being influenced by the younger generation. In the opinion of Zhang Jianwei, the intellectual personality is undergoing an abnormal change. The intellectual personality is also awakening. "The era when everybody enters business has arrived. The intellectuals are the last stratum to join the business bandwagon. They should wake up."

Indeed, it is hard to distinguish between the so-called abnormal change and awakening. "Yellow and Black"

calls it the "awakening in the midst of abnormal change." But is it not an "abnormal change in the midst of awakening" as well? Chinese intellectuals are bidding farewell to their traditional self and reshaping themselves anew. But at a time when social values are changing and Chinese society is diversifying rapidly, what social values would intellectuals adopt in trying to remold themselves? Can they decide on a new image now? Clearly, Chinese intellectuals, particularly young intellectuals, are undergoing a metamorphosis spiritually and in their lives. They have pain and hope. There is purity and there is filth. There is awakening and there is naivete. "Cicada slough comes from filth." "But have we emerged from the filth? Have we grown a new pair of wings?" asks the author of "Yellow and Black."

"Yellow and Black" predicts that "China will produce a host of La Si Di Nie [? 2139 2448 5530 3206]. The age when China will produce a great writer like Balzac has arrived." This may come true. But then again it may be a fantasy. Among young Chinese writers, there are indeed some who want to be a La Si Di Nie. But how many can and would like to be Balzac? Can those writers described in "Yellow and Black" become Balzacs? The book provides a glimpse into the abnormal change in the psychology of the younger generation of Chinese writers: instead of hating wealth, now they abhor poverty. Since writers cannot and do not want to achieve excellence after putting up with poverty and since they cannot make money before achieving excellence, it is doubtful that a Balzac age has descended upon China.

Chinese intellectuals, writers, and society should not return to the days when they were content to be poor. The end of that era is long overdue. But while poverty is tough on intellectuals and writers, wealth has its own problems. There is some inconsistency between the "yellow way" and the "black way," between accumulating wealth, and accumulating knowledge, between making money, and being a man of letters. Being a scholar and writer indeed is not as good as being in business, which is economically more beneficial for the individual concerned. This was true in the past, is true today, and will be true in the future. Can't you see that in Western developed nations today great scientists and writers are neither very rich nor very powerful people? You cannot have your cake and eat it too. Today, do you want to be a writer or make a lot of money? The choice is up to you. Fortunately, times have changed. Those who choose to follow the "black way"—become a writer or pursue learning—do not have to go hungry. Compared to people who follow the "yellow way," however, they are still worse off. They need some support to make sure the intellectual personality does not disappear totally. Realistically, the life of a scholar is certainly an impoverished one. Social distribution is inequitable, which should be adjusted. Otherwise, the distortion and abnormal change of the intellectual personality described in "Yellow and Black" will continue. As the writer says, "This abnormal change and distortion has its roots in a distorted social value system and will further distort that system." The

reportage concludes, "Only when intellectuals enjoy a better social position would society be able to guide the more talented individuals to pursue an intellectual career. If society cannot effectively provide this kind of guidance, modernization will be absolutely unattainable."

The power of "Yellow and Black" is that it constitutes a report on the contemporary historic change in the Chinese intellectual personality and strikes a responsive chord among its readers. A mere 30,000 characters do not do justice to such a colossal and complicated subject, but that is unavoidable. Yet the fact that it is sensitive to and has the courage to tackle this subject and sets the readers thinking alone makes it a valuable work.

Book Review on "A Stumbling Man"

40050279 Beijing GUANGMING RIBAO in Chinese
3 Feb 89 p 3

[Article by Ding Fan 0002 1581 and Wang Juyan 3769 5468 1693: "The Contradictory Chinese Cultural Personality"]

[Text] Novelists have seldom been portrayed through the medium of fiction in the history of Chinese literature. Jiang Dian's [1203 2329] new medium-length novel, "A Stumbling Man" (SHANGHAI WENXUE, Issue 8 1988) makes us sit up and take note not so much because it artistically tells the life story of Fang Zhi, a modern writer, who is repeatedly foiled by his time and finally dies broken-hearted, but because through the protagonist's cultural personality, which is a bundle of contradictions, we gain an insight into the powerful strangle hold that traditional culture has imposed on human nature.

The Chinese intelligentsia does not lack upright, visionary people who are concerned about their country and their people. But the special cultural psychology shaped over the feudal millennia did not bequeath any lesson of history to posterity. Instead, it became deeply imbedded in the public consciousness. As a result, no matter how assiduously they pursued their faith and how devoted they were to their work, they never managed to unburden themselves of the Confucian ideology on the philosophical level, which held sway throughout history. The personality of the much-scarred defender of the traditional culture, which should have flourished, gradually withered in the shadow of feudalism. The more intense his sense of suffering, the more bogged down he became in the emotional "erroneous zone." This "two principles of contradiction" [er lu bei fan 0059 1774 5154 0646] phenomenon, which provides us with much food for thought, actually lays bare the spiritual tragedy common to successive generations of Chinese intellectuals and calls on intellectuals today to develop a brand new cultural personality.

An ever-loyal servility stifles the ability of the intellectual to think about society and nation as a whole. What intellectuals lack is the bearing of a great thinker. Although they are the cream of the cultural crop, therefore, they get

bogged down all too easily for lack of a critical spirit of the Lu Xun style, like Mr Han in the story. Exceptionally talented and bright, this "revolutionary ascetic monk" considers art and literature his life. However, a pure orthodoxy and an intense feeling that literature should be the vehicle for conveying the principle often stifle the foresight unique to intellectuals. As a result, a perceptive observer of society and life though he is, he never puts the ultra-leftist line under scrutiny. When the contrast between the reality he confronts and his ideal becomes too striking to be explicable, he gets depressed. He "makes friends with white spirit and spends the long night under a kerosene lamp." Saddled with a spiritual burden that cannot be shed and hemmed in by dogmatic fetters that cannot be broken, he feels a deep pain. Yet, once the eruption of the narrow peace between warring emotions [jia feng zhi zuo 1140 4911 0037 6670] within his bounds is gained from reconciling with his conscience, he feels a kind of pleasure that one feels when one dances while in chains. It is precisely this contradictory intellectual personality that determines that Mr Han rises and falls in tandem with the political movements, stumbling through life. Besides being persecuted by his time, he is also destroying himself for trying so hard to be part of the "secular world." His self-criticism writings pile higher than his manuscripts. That sheds some light on the tragedy of his life.

A person's tragic ideas and personality necessarily influence his writings. "The Traitor," one of Mr Han's favorites, can justifiably be described as the pace-setter for the "cancer prevention" genre of literature advocated by Mr Han. The experiences of Tian Yutang, a patriotic businessman, are indeed a powerful indictment of "those pure and totally heartless Communists." Even today we should not dismiss the earthshaking service "The Traitor" has rendered us by its brave foray into the "restricted zone." Nor should we lose sight of the thought-provoking quality of the "scar." On the other hand, if we pause and analyze coolly and calmly, we will readily discover that even as he gives vent to his pent-up discontent and bitterness, the writer remains trapped in his "apologist mentality." The trammels of his time prevent him from rising to the height of history and philosophy and convincingly laying bare the way the traditional cultural psychology spiritually destroys all people, including the Communists. It would be regrettable if this piece of writing is not accorded an important place in the annals of literature, but that would be an unavoidable tragedy whose roots can be found in the failure of China's best and brightest minds to criticize the national cultural psychology frozen in time.

Readers may have noticed that Jiang Dian's work is not simply a story about the "stumbling" Mr Han. There is another character whose ill-starred life is also bedeviled with setbacks. After struggling painfully a lifetime, he is wronged and finally driven to death in a troubled age that has "no precedent in history." He is the second person "I" befriend on Hongwu Lu—Uncle Tie Dun. All this illiterate, honest, and poor man wants from society is minimum conditions

for survival. But why is he unable to shake off poverty and make enough money to feed and clothe himself despite his skills as a hooper and hard work? Why does he have to wander all over to make a living until he is 50 years old when he finally manages to somehow put an end to his miserable, wretched bachelor days? Why is he regarded as part of the reactionary "remnants" just because he marries the jilted wife of a KMT agent so that man and wife could face adversity together? On the surface, there could be only one answer: The Cultural Revolution and the series of political movements preceding it not only left no room for intellectuals who think for themselves but sometimes also refuse to spare the good and honest common people with basic human desires. If what scars intellectuals most is the psychological distortion and spiritual anomalies, then what is most unbearable to the ordinary masses is the torment of poverty and physical suffering. The enforcement of the obscurantist policy snuffs out all intuitive knowledge which man is proud of and destroys all his innate desires. In fact, if we read between the lines, we will find a supplementary answer. Let us leave aside the case of Mr Han. As far as Uncle Tie Dun is concerned, aren't his self-deprecation and fatalist viewpoint the very outcome of being steeped in the traditional national cultural psychology? It can thus be seen that while the tragedies of the two protagonists are different in nature and content, they have identical roots. Here it becomes clear why the writer dwells upon the story of Tie Dun at length, portraying it in detail as a "point of reference" to Mr Han's experiences. This cross-reference method of portraying characters, which brings out the contrast sharply, is hardhitting and covers an extensive area. It also provides the reader with much food for thought. It shows the writer at his most artistically creative.

Jiang Dian has said that he prefers writing fiction of the informal essay type. This medium-length novel testifies to the appeal of that literary form. Turning to the structure of the novel, the writer uses Hongwu Lu in the ancient capital of Nanjing as a link between the two characters, Mr Han and Tie Dun. Through the contacts between "me" and these two characters, two plots, now interwoven, now separate, evolve with seeming ease and grace, but also with a good deal of unity. In organically weaving together the narrative, the lyrical, and the discursive, the writer cleverly transcends the limits of time and space, thereby shortening the distance between the reader and the novel. Clearly the informal essay type of novel is superior to the conventional narrative novel in that it is free from the constraint of fact and detail and facilitates the description of characters. Jiang Dian has always had a knack for describing the scenery and customs of southern Jiangsu in a crisp, fresh style. In "A Stumbling Man," he again brings out the unique features of the ancient city of Jinling. The peddlers hawking their wares on Hongwu Lu, the five-spice smell of tealeaf eggs, the crowded religious scene outside Qixia Temple, hearsay about Emperor Zhu, the history of Qinhuai He—all this no doubt constitutes a larger and more attractive background than successive political movements. Strictly speaking, however, this kind of description is inadequate as a portrait of a certain life and its cultural milieu.